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Management How to deal with difficult people



Consumer brands Ross Perot

What US business thinks of him



### FINANCIAL TIMES

Wednesday June 10 1992

#### Pechiney to sell nuclear-related units for FFr2.2bn

The French government has asked Pechiney, the state-controlled aluminhum group, to sell its nuclear related businesses for FF12.2bm (\$400m), in a reorganisation of one of the world's leading nuclear industries.

Peckiney has agreed to sell most of those businesses to Framatome, France's monopoly builder of nuclear reactors, fuel and related products, and Cogema, nuclear fuel retreatment group. Page 15

Survival fight: Oskar Lafontaine, enfant terrible of Germany's opposition Social Democratic party, was battling for his political life over allegations that he bent the rules of pension rights to gain a windfall of DM100,000 (\$62,000), Page 14

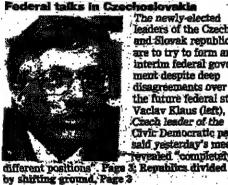
Growth hope: West German industrialists expect output to return to normal at the end of 1993, and grow at an average 2.5 per cent a year for the following three years. Page 2

Galeries Lafayette, one of France's most famous chains of department stores, is launching a FF1718m (\$135m) offer for the remaining shares in Nouvelles Galeries, the retailing group that it won control of last year. Page 16

Election switch: President George Bush, in what would be a substantial tactical shift, may join Governor Bill Clinton and Ross Perot, bis rivals for the presidency, on the radio and televi-sion talk show circuit. Page 14; Big business not big on Perot, Page 5

Casino, French distribution group, is creating one of the largest forces in French food retailing by buying the food interests of its competitor, Rallye, Page 15

Wall Street: Uncertainty among investors about the economic outlook and concern regarding overvalued equity markets sent share prices into a brief tallspin in New York and at the close the Dow Jones industrial Average was down 34.21 at 3,369.92. US stocks, Page 34



The newly-elected leaders of the Czech and Slovak republics are to try to form an interim federal government despite deep disagréements over the future federal state. Vaclav Klaus (left), Czech leader of the Civic Democratic party, sald yesterday's meeting

Actno Life & Casualty, one of the largest its reinsurance subsidiary to a buy out vehicle for about \$1.4bn. Page 15

Terrorist links: Libya told a British official in Geneva about its links with the Provisional Irisb Republican Army. Page 4

BT. UK telecommunications group, was told to accept a tough new regime for controlling its prices or face investigation by the Monopolies and Mergers Commission. Page 6; Lex. Page 14

Self-criticisms The UK self-regulatory body for the fund management industry has produced a critical report on its performance in supervising Maxwell pension fund operations. Page 14; Firms aided Maxwell fraud, writ alleges, Page 8

Cutback: The offer for sale of The Telegraph which owns the UK's largest selling daily quality newspaper, will cut the stake held by Conrad Black's Hollinger Group to 68 per cent. Page 16; Lex, Page 14

Starvation looms: Serb forces resumed their bombardment of Sarajevo and street battles flared again in the Bosnian capital where many of the 300,000 encircled residents face starvation. Page 3: Crackdown on the press, Page 8

Viag, fast-growing German conglomerate, is to enter the international shipping, freight and warehousing business through the purchase of a stake in Kühne & Nagel. Page 16 Salary boost: The Spanish have supplanted

the Swiss as the highest paid managing directors in Europe, Page 2 Secrecy attack: Democrats in Hong Kong condemned a British decision to bypass the local

legislature and introduce the UK 1989 Official Secrets Act by administrative means, Page 4 New debt terms sought: Venezuela says it intends to seek new financing terms for about

STOCK MARKET IND	ICES_	2 STE	THE IN	2
FT-SE 100: 2,535.4	(-0.4)	New Yo	rk : 7,835	[1,835]
FT-SE Eurotrack 1001,174.96	· (-2.52)	London		
FT-A Al-Share1,278,56	(-0.4%)		1.833	(1.834)
FT-A World Index141.69	(-0.4%)	DM	2915	(same)
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### Delors likely to be reappointed for third term

MR Jacques Delors, mercurial president of the European Commission, appears to be the man left most vulnerable by the crisis which Denmark's rejection of the Maastricht treaty has brought upon the European Community. Paradoxically, he is probably

unassailable.
The EC's 12 heads of govern-

apart from his considerable record, there are two powerful reasons why the member states will probably stick with Mr Delors:

• There is no obvious replacement who would be approved now by the 12 as a whole at a time when they need to demonstrate that they are indeed a

 Many Community government will decide whether to reap-point him for 1993-95 at their Lis-bon summit in two weeks. Quite ments would risk undermining their European policy even more were they to dramatise the treaty

crisis by trying to make a scape-goat of Mr Delors.

Inside Denmark, and across the EC, the most common misgivings about Maastricht seem to be that: it goes too far towards supranational government; and that it does not go far enough towards European integration.

The last objection is felt particularly because it serves to leak away national sovereignty without putting in place adequate mechanisms to hold to account the 12's acting together, let alone

the Commission. Sacking Mr Delors would risk difficulties involving both problems.

There is also no evidence to suggest Mr Delors has lost the confidence of EC leaders. He serves simultaneously as lightning rod for Eurosceptics and as a bank of ideas on Burope's future (upon which, nevertheless, only the 12 can decide). Moreover. Mr Delors is increasingly a restraint on Euro-meddling in national affairs.

He finishes his

year term at the end of this year. What he will probably be offered in Lisbon is an extension until

All this assumes that Maastricht is adopted. The 12, includ-ing the Danish government, last week decided to press on with the European Union treaty in the hope that Danish voters will have second thoughts. Continuing with Mr Delors appears part of the strategy, even for the Danes. Remarks attributed to Delors aides are said to have cost points

in the Danish referendum. There is practically nothing in commis-sion documents and minutes on EC enlargement and institutional reform which could not have been produced by a suitably programmed computer. It was an exercise in logic, which acquired sinister connotations through a process of Chinese whispers. underlining, as much as anything else, the Community's presentational problems.

Continued on Page 14

### Germany may back UK plan for Maastricht

By Quentin Peel in Bonn and Robert Mautimer in London

GERMANY is likely to back a British plan to add an interpreta-tion to the Maastricht treaty on European union, seeking to define and limit the powers of Brussels to intervene in questions better decided at national or regional level.

The idea, mooted in London earlier this week, was greeted with some dismay in Brussels where officials are nervous that any tampering with the treaty could affect plans for speedy ratification.

The British suggestion was that certain aspects of the Maastricht treaty be clarified - not renegotiated - to make it more palatable to Denmark and other countries in the European Community. Danish voters rejected ratification of the Maastricht

treaty in a referendum last week. A senior German official suggested that the heads of government meeting in Lisbon at the end of this month should set up a task force involving the Council of Ministers and the Commission, to look into subsidiarity - under

By Ivo Dawney in London

BRITAIN'S opposition Labour

party warned yesterday that it would back ratification of the

Maastricht treaty only if the

Conservative government aban-

doned the waiver exempting the

Mr Roy Hattersley, Labour's

UK from the provisions for work-

deputy leader, said the party

would only support a bill which

most of benefit to the British

people "and that specifically

place rights.

Row on French right turns into deep split

taken by the central institutions of the Community only if their objectives cannot be adequately achieved by the individual member states or their regions - and report back to the summit in December to be held in Edinburgh, Scotland.

The charm of the British idea on the additional interpretation! is that instead of waiting until the European Court of Justice defines it, the governments themselves already start to define those areas where subsidiarity applies. If we could, it would be helpful for us. It may even be helpful to the Danish people," the official said.

But Mr Anders Rasmussen, Danish finance minister, yesterday suggested the UK plan would have little effect on the outcome of the referendum.

includes the social chapter".

ing notice that Labour would no

longer abstain from voting but

vative opponents of the Mass-

doggedly opposed to ratification. While some may favour a dilu-

tion of the existing terms, there

is no prospect of the government

dropping its opt-out from the

treaty's social provisions.

His words were taken as giv-

"Of course we appreciate the British government's attempt to Continued on Page 14 which decisions and action are

Labour threat to vote No

### Queen Elizabeth, in France for a four-day visit, is driven along the Champs Elysées with French president François Mitterrand Increase in EC budget opposed

By Andrew Hill in Luxembourg

Community finance ministers yesterday came out against an increase in the EC budget, widening the rift between rich and poor member states.

Differences over the budget could dominate the Lisbon summit at the end of this month, increasing the pressure on the Community following last week's rejection of the Maastricht treaty by the Danish people.

Seven countries, led by the UK and Germany, said yesterday they wanted to limit their budget comributions.

Only Spain, Portugal, Greece and Ireland - which stand to would instead side with Conserbenefit the most from an enlarged budget - backed the tricht agreement by voting so-called Delors II package. Den-Several rightwing members of mark did not take part in the the cabinet have also emerged as discussion.

Mr Jacques Delors, president of the European Commission, and his fellow commissioners are calling for an increase in the EC budget from Ecu66.6bn (\$85.2bn) this year to Ecu87.5bn in 1997. at current prices. The budget row tion to 1.2 per cent of gross there had been some very blunt could have damaging repercussions in Ireland, which holds its strain to meet criteria for eco- He said he hoped new proposals referendum on Maastricht next week. Pro-Maastricht campaigners in the republic have made much of the financial benefits of closer European union.

Ministers yesterday reaffirmed their commitment to continued economic integration despite lastweek's Danish vote. But member states vary widely

in their enthusiasm for the bud-

get proposals. Richer member states want to limit their EC budget contribu-

out that EC spending does not match contributions even at current levels, but the Delors pack-

age proposes a gradual increase to 1.37 per cent of GNP by 1997. Mr Horst Köhler, Germany's deputy finance minister, said yesterday such an increase was unacceptable. Mr Norman Lamont, the UK chancellor of the exchequer, said the Delors proposals were not dead, but that

WE SPEAK YOUR

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nomic convergence imposed by

the Maastricht treaty. They point

would be submitted eventually The finance ministers' conclu-

sions will be submitted to foreign ministers for their meeting, also in Luxembourg, on Monday. Mr Köhler told journalists before the debate that the budget

should not be merely a list of the Commission's wishes for which cash had to be found.

Late last night, ministers were debating VAT harmonisation and rules for the European securities

### Procordia in agreement to acquire Swedish Match

By Robert Taylor in Stockholm

and pharmaceutical conglomer-

owned by an international consortium of companies, will become a subsidiary of Procordia's tobacco and confectionery business, Procordia United Brands, Negotiations are expected to be completed by the end of next month, Procordia United Brands will then have total annual sales of at least Skr8bn (\$1.4bn) and will employ nearly 10,000 workers in 20 countries.

Mr Massimo Rossi, president of Swedish Match, which has headquarters at Nyon in Switzerland, fine solution and feel that Swedish Match will be entering into the best possible industrial environment." Mr Rossi said he would continue to run Swedish

November 1989, Stora sold Swedish Match consumer products, which included Wilkinson Sword. for SKr3.93bn to a group of international investors including Gillette of the US who registered the company in the Netherlands.

Swedish Match's homecoming will appeal to many Swedes. The company occupies a sentimental place in the country's industrial history, stretching back to the 1920s when it dominated the world match market under the Swedish industrialist Mr Ivar Kreuger, Mr Kreuger shot himself in 1932 when his industrial

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MIDEAND MONTAGU IS THE INTERNATIONAL AND INVESTMENT BANKING ARM OF MIDLAND SPOUP MIDLAND MONTAGU VENTURES LIMITED. A MEMBER OF IMBO.

#### said the acquisition of Swedish Match would double its annual sales in Europe to SKr2.4bn. Swedish Match has about 75 per cent of the UK market through its Bryant & May and Swan Vesta brands.

PROCORDIA, the Swedish food

ate jointly owned by Volvo and the Swedish state, has reached a preliminary agreement to buy Swedish Match, the world's leading match and disposable lighter Swedish Match, which is

The purchase price and other financial details were not dis-

closed. Mr Klaus Unger, presi-

FT Law Report

Match after the acquisition.

Members of the consortium which owns the group include Citicorp Venture Capital in London; Continental Holdings; the Italian Lavajji group; and Monforte, an Italian merchant bank. The company has had several owners since it was acquired for SKr5.9bn as a diverse industrial

As a result of the deal, Swedish

Match became the subject of a Monopolies and Mergers Commission investigation in Britain. The commission ruled in March last year that Gillette had to undo the effect of the merger in the UK

empire collapsed.

#### dent of Procordia United Brands, group by Stora, the Swedish for-CONTENTS FT World Actuaries,.....34 Foreign Exchanges ..... 30 Intl. Cep Mics ....... 18,19 Intl. Companies .. 18,17,18 Managed Funds ..... 28-30

FINANCIAL TIMES © FT No 31,780 Week No 24 P

### right turns into deep split

A BLAZING row erupted yesterday within France's conservative opposition alliance over differences in attitude towards the Maastricht Treaty. On Monday night, the Gaullist RPR party issued an ultimatum denouncing participation of the centre-right UDF umbrella grouping led by for-mer President Valéry Giscard d'Estaing in the referendum campaign to persuade voters to

The RPR leadership said continued UDF participation would have grave consequences for the union of the

The Gaullist party has now taken a decisive step towards outright opposition to the Maastricht Treaty, whereas the UDF and its centrist allies are openly committed to support it. This disagreement is likely to become increasingly bitter as the Maastricht ratification process drags on through the summer and autumn.

Some political commentators are speculating that the split between the Gaullists and the UDF could become so damaging as to jeopardise their chances of an effective campaign in next spring's general

Many of the leading figures in the UDF and centrist parties, starting with Mr Giscard d'Estaing, are already campaigning for a 'Yes' vote in the Maastricht referendum announced by President François Mitterrand for next

Their eager agreement to take part in the referendum campaign, on the same platform as ministers in the Social-

row between the two conservative groups. But the other factor is last week's Danish referendum, which narrowly rejected the Maastricht agree-

ment, and which has caused the Gaullist party to swing decisively against the treaty. Last month's debate in the National Assembly showed that the Gaullists were deeply and passionately divided over Europe. Almost half the party's 126 members voted against the Maastricht treaty, while nearly all the remainder abstained.

But since last week's Danish referendum, the anti-Commu-nity wing of the Gaullist leadership, led by Senator Charles Pasqua, the former interior minister, has succeeded in capturing control of the party's European policy, and has swung it decisively against the

UDF and centrist leaders yesterday firmly rejected the Gaullist threats, and last night Mr Giscard d'Estaing planned to fulfil his commitment to speak in support of Maastricht at a meeting in Selestat near Strasbourg, on the same plat-form as Mrs Elizabeth Guigou, European affairs minister in the socialist government.

The Gaullists claim that UDF participation in the Maastricht campaign will turn the referendum into a plebiscite of per-sonal support for President Mitterrand, with damaging effects on the election prospects of the conservative parties next March.

There can be no doubt that Mr Mitterrand has from the beginning been aware that the European debate was always going to be deeply damaging for the conservative opposi-

### Row on French | A reputation divides Spain's establishment

Scandal surrounding the Bank of Spain's governor is changing the face of a nation, writes Peter Bruce

The main activity of the Ibercorp group is speculation and the support of its own share prices. Even if equity is greater than the minimum required ... we have doubts about the viability of Ibercorp." Bank of Spain inspectors report, February 6.

Ibercorp did not have any prob-lems and no shortfalls of any kind ... the bank was found to be in perfect condition." Mari-ano Rubio, Governor of the Bank of Spain, to parliamen-tary committee, February 20,

OLE partners will sometimes joke that Mr Mariano Rubio, the governor of the Bank of Spain, has a handicap which does not always reveal what a good player he is. But none of them thinks of him as a liar.

Nevertheless, when he sits before a parliamentary committee in Madrid today to explain how, in February, he told them that a bank under his supervision was "in perfect condition" when his inspectors quite plainly thought it was not (and which two weeks later collapsed) he will be fighting to salvage one of the most distinguished reputations in Spanish public life.

The scandal that ruined Ibercorp has already destroyed any chance of Mr Rubio being reappointed governor for a third term next month. It has buried a social and financial establishment and begun a media war which threatens to reshape Spain's opinion-making

Mr Rubio has already explained that his testimony in February was technically correct. The Ibercorp group's bank, at the time, had assets worth more than its liabilities and as governor he was never going to suggest in public that a bank might be in trouble because the inevitable result

But the scandal has deeper roots. On February 12, the young newspaper, El Mundo, claimed that Mr Rubio and a host of society figures had action made by Ibercorp's president and founder, Mr Manuel de la Concha and his partner,

Mr de la Concha had been a close friend of the governor (and his broker) for 25 years. A former stock exchange chairman, Mr de la Concha and Mr Soto had been given a

Mariano Rubio was a key figure in the capitalist élite

banking licence by the Bank of Spain to open a small bank in the late 1980s when Mr Rubio was granting a string of simi-El Mundo reported, in a story

stock market commission, that funds being managed by Mr de la Concha on behalf of Mr Rubio and Mr Miguel Boyer, a former finance minister, and members of their families, had been invested in an Ibercorp subsidiary, Sistemas Financieras (SF). In the spring of 1990, SF suddenly accumulated large amounts of its own stock.

Investigating this, the com-mission asked Ibercorp for a list of the people who had sold SF shares back to SF. The list was incomplete and a second list, supplied under pressure, revealed that someone had deliberately omitted Mr Rubio's name from the first list and disguised the names of Mr Boyer and his wife, Mr De Soto and Mr de la Conche and members of his family.

The SF share price collapsed soon after it had accummulated its own stock. Thus Mr



Rubio: Spain's stock market commission confirms reports of seemingly preferential treatment in selling shares

were abandoned to their fate. Both Mr Rubio and Mr Boyer insist that they did not know their names were being omitted and altered and Mr Rubio insists that he did not interfere with Mr de la Concha's handling of his modest \$120,000

Mr Rubio's association with Mr de la Concha was poorly judged on the governor's part, but it is easy to understand. They were at university together and, like many young men at the time, disliked both the Franco dictatorship and its

It was they who became the capitalist, modernising élite in Spain towards the end of the dictatorship and who - as an informal network of civil servants, financiers and businessmen - oiled the wheels of economic reform after Spain became a democracy. Newly free and hungry for glamour, the media dubbed a core group

of these reformers los butiful. But the past three or four years have seen new faces take the high ground in Spanish business life. Two newcomers, in particular, have shaken the establishment - Mr Mario Conde, who was appointed president of one of the coun-

try's biggest banks, Banesto, in 1988, and Mr Javier de la Rosa, a Catalan entrepreneur who partnered the Kuwait Investment Office (KIO) in a \$5kn investment drive in Spain in the late 1980s and who is now the country's most powerful

As convenient new arrivals, these two have been blamed, in certain newspapers supporting the governor, for starting a campaign to unseat Mr Rubio. This conspiracy theory is full of holes, though, and ignores the fact that Ibercorp was well known for the number of people who joined and quickly left

What the conspiracy theory does do is concentrate a fierce media battle around Ibercorp as establishment newspapers and magazines have rushed to try and fault El Mundo's campaigning journal-

This war reached its zenith on May 31 when the imperious El Pais, until then regarded as being above petty rivairies, published a long editorial, attacking El Mundo.

With RI Pais having jumped off its perch to attack his accusers, Mr Rubio could not have found a more powerful ally when he goes before MPs today.

### France faces new outbreak | Romanians likely of violence in urban areas

THE French government's campaign against urban violence yesterday faced a fresh challenge in the shape of two outbreaks of rioting near Paris

in Argenteuil, north-west of the capital, bands of youths smashed shop windows and car windscreens, and threw petrol bombs late on Monday night, as a result of which eight were arrested. In Tourcoing, petrol bombs were thrown and a van set on fire after police tried to capture a stolen car being driven through the suburb of Bourgogne. A day earlier in Tourcoing, windows were broken and two cars set alight in clashes between youths and

The Tourcoing disturbances when police approached him thrown, say eye-witnesses. At Argentsuil, the spark was the murder of a teenage Arab by a

drug dealer, These new outbreaks are the latest in a two-year series of sporadic rioting, starting in a suburb of Lyon in September 1990. Ironically, this comes just a month after President François Mitterrand attributed the Los Angeles riots to the lack of social protection in the US.

The French government, however, has made urban pol-

icy a big priority recently. It will spend more than FFr6.2bn on urban renewal, develop-ment and security this year. It were sparked after a young ment and security this year. It north African motorcyclist fell has recently stepped up efforts to curb youth violence in the for not wearing a helmet. A hot summer months, the high-

> Poverty and unemployment are thought to be factors in France's urban discontent. This twin problem was a factor in the decision three years ago to introduce a national minimum income (revenue minimum d'insertion) to help those inadequately covered by other kinds of social security, Plans to extend the scheme were yes terday presented to the National Assembly, which is likely to adopt the scheme in the current session.

### to see poll delayed

ROMANIA is unlikely to hold general elections until October following parliament's rejection of electoral legislation late on Monday night, writes Virginia Marsh in Bucharest.

Despite a compromise ched in the House of Deputies, the lower chamber, last week, which set an election date of July 26, a combined session of the House and the Senate overturned the decision by 240 to 182 votes.

The decision comes as a blow to the coalition government, led since October by Mr Theodor Stolojan, which has pressed parliament to adopt the legislation since March.

Mr Stolojan, a non-partisan prime minister, said that deferring elections until autumn would aggravate the hardships of the transition and would visibly delay foreign aid and political leaders have delayed the elections because of their own "political wars" and in doing so had acted against the

will of the people, he said.

Mr Stolojan has asked parilament and Mr Ion Iliescu, Romania's president, to grant the government extra powers so that it can continue with economic reform in the

Legislation vital for reform has been held up in recent months because of serious infighting in parliament, which is dominated by conservatives. including many former Communist officials.

#### Spain leads pay league of top executives

SPANIARDS have supplanted aging directors in Europe, with UK counterparts coming threequarters of the way down a league table of 12 countries, a survey reports.

Pay increases for executives net of inflation, have declined across all the main European

Rises of 2 per cent and under in the first quarter of 1992 contrast with increases of over

per cent in the late 1980s. The survey of more than 39,000 executives in over 3,300 companies was carried out by a consortium of European management consultants led by P-E International.

Countries covered are Austria, Belgium, Denmark, France, Germany, Ireland. Netherlands, Portugal, Spain Switzerland and the UK, with some data from Italy. Gross annual pay for the managing director of a Spanish

manufacturing company with annual sales of £75m now stands at a mean sterling equivalent of £125,000.

The comparable Swiss figure is £123,000, UK £87,000 and, bottom of the league, Ireland However, when tax, social

security and cost of living adjustments are made, the Swiss move back to top position, the UK are seventh and Denmark - where both the cost of living and tax rates are high – comes bottom.

Performance and profit-re-

lated pay schemes are common for MDs across Europe, apart from in Italy, and there is growing interest in such schemes at lower levels of management, the survey finds. Profit-sharing schemes are mainly limited to Denmark, France and the UK.

Company pensions and cars continue to be the most important benefits.

Pension schemes in Portugal and Spain are still developing but it is only in Italy, where state provision is comprehensive, that company pension schemes are unusual

Cars for MDs are widespread, although the UK leads the field when it comes to company cars for senior managers: 70 per cent of senior and middle managers receive cars in Britain but only 14 per cent do in France and 41 per cent in Ger-

The report's forecasts for executive pay increases during 1993 are, net of inflation: 1-4 per cent for the UK; 1.5-2.5 per cent for Germany; 0.1-1.5 per cent for France; and 0.6-2.1 per

#### NEWS IN BRIEF

#### Yeltsin to appoint Russian army chiefs

Russian president Boris Yeltsin is expected shortly to appoint the top brass for the new Russian armed forces, which are being built from the remains of the Red Army, writes Leyla Boulton in

General Pavel Grachev, the Eussian defence minister, said esterday that the names of new deputy ministers, new commanders for the army, navy, air force and other services would be announced within days. He also said that there would be a reshuffle of some military district commanders.

The new deputy ministers are to be "new people" - leaving no room for deputies from the formerly Soviet and now so called Commonwealth defence ministry. Gen Grachev said they would be selected on a "democratic" basis from multiple candidates who were in Moscow for the final selection procedures. But it is also clear that President Yeltsin will be looking for people whose loyalty he can rely on most at a time of political instability, and low morale within the armed forces.

Austria affirms wish to ioin European Community

Austrian Foreign Minister Alois Mock yesterday said Austria identified fully with plans for closer European union and wanted to join the European Community despite Denmark's rejection of the Maastricht treaty, Reuter reports from Bonn.

Mr Mock told a joint news conference after talks with German foreign minister Klaus Kinkel that Austria hoped to begin negotiations early next year on joining the Community, Mr Kinkel said he supported Austria's wish. Mr Mock said Austria hoped an EC summit in Lisbon this month would agree to start membership talks with Vienna in

### Pawlak is confident about

forming Polish government
Mr Waldemar Pawlak, Poland's new prime minister and leader of the PSL farmers' party, expressed confidence yesterday about forming a government despite major differences between the parties which support him, writes Christopher Bobinski from

He said that consultations held so far had shown a "willing-ness to agree" and urged "that there should be less political manoeuvring with everyone getting down to work. President Walesa has given his backing to Mr Pawlak, but has warned that if he falls he will urge parliament to accept a cabinet chosen from outside the political parties.

#### Farmers bring traffic chaos to Toulouse

FARMERS blockaded the southern French city of Toulouse yesterday, stranding thousands of motorists for hours, to protest against the reform of the European Community's farm policy, police said, Reuter reports from Toulouse.

Huge traffic jams built up during the day-long protest and spread to the nearby Gers, Tarn and Haute-Garonne

departments.
Near Paris, thousands of farmers drove tractors up to the gates of the Versailles pal-ace. They also burnt tyres and clashed with riot police outside the government's local headquarters.

The Toulouse protesters lifted the blockade after the region's deputies agreed to meet them on Friday and take up their grievances in parliaThe Financial Times (Europe) Lal
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# The Hellenic Shipyard, outside Athens, is one of four loss-making Greek yards threatened with closure under the EC's anti-subsidy directive

### Greek shipyards set for life after subsidy

Kerin Hope looks at progress in finding buyers for over-manned repair facilities

island. Syros has a rocky harbour overlooked by a cluster of pastel-coloured houses. What sets it apart are the cranes and floating docks of Neorion Shipyards, the only large ship repair facility in the Aegean.

Neorion is one of four lossmaking Greek yards that were threatened with closure under the European Community's directive for ending govern-ment subsidies to the shipbuilding industry.

All were controlled by staterun banks which provided a steady flow of operating funds while ignoring the yards' rising dehts. Now a last-minute scramble

is on to secure buyers for both Neorion and Hellenic Shipyard, a large yard outside Athens, before the EC's June 30 deadline for shutting them down... The Commission has taken a more understanding view since we started procedures for privatising the yards, espe-

IKE EVERY Greek delays," says Mr Alexander Demacopoulos, deputy gover-nor of the Hellenic Industrial Development Bank (ETVA), a leading shareholder in both

Inevitably, ETVA's financial advisers are seeking buyers among the Greek shipping community. Stripped of most of their debts, the shipyards are now a much more attrac-tive proposition, despite their old-fashioned technology and over-large workforces.

Greek shipowners are well aware that the ageing international shipping fleet will need much renovation in the next few years in order to meet tighter anti-pollution regula-tions. Greek owners have already come to the rescue of the other two yards.

An Athens-based owner. Antonis Lelakis, leased Halkis Shipyards, the smallest facility, for repairs and conversions of his own fleet. Then the Peratikos Group, a London-based operation, agreed to buy Eleucially over debt write-offs. But sis Shipyards near Athens we can't afford any more from Commercial Bank, for

The price includes some liabilities, among them a \$30m dollar Japanese loan. The agreement also included a commitment to improving the yard's facilities and retaining its 2,000-strong workforce. Two large Greek groups have submitted bids for Hellenic

Greek shipowners are aware that the ageing international shipping fleet will need much renovation in the next few years

Shipyards, the biggest east Mediterranean yard. It has a full order book, with commit-ments to build three Mekoclass frigates for the Greek Navy and railway carriages for the Greek Rail Organisation. But even if the buyers escape liability for its Dr32hn (\$168m) debt, operating losses are over

Dr190m a month. Selling Neorion is seen as particularly important because of government policy of trying to prevent further depopulation of the Aegean islands.

The Syros economy depends heavily on the yard. More than 20 per cent of the workforce is employed there, and local suppliers are numerous. Syros attracts few tourists, while textile plants, the island's only other industry, are in decline.

Neorion is popular with international shipping companies because of its position in the central Aegean, only a few hours' sailing time from the main shipping route across the Mediterranean. In an average year, it handles over 100 ship repair and maintenance jobs. Though the yard has a repu-tation for productivity, it badly needs new equipment. However, losses have shrunk in recent years, amounting to Dr509m on sales of Dr5.5bn in

ures available. Neorion's reputation for lahour militancy was consid-

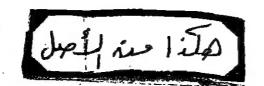
1990, according to the latest fig-

ered a deterrent to potential buyers. But ETVA has been instrumental in negotiating voluntary lay-offs of one-quar-ter of the 900-strong workforce in the past three months, while union attitudes appear to be

changing.

"The EC is a very different thing to contend with compared to the government," says
Mr Costas Raouzaios, the
yard's union leader. "We still believe that shipyards are a strategic industry that should stay in state hands. But if it's a choice between privatisation In return for acceptance of

the lay-offs, ETVA appointed a Greek merchant bank, Alpha Finance, as the union's financial adviser so that the island-ers could prepare their own bid for the yard. But given the lastminute rush of interest from shipowners who are keen to negotiate future working rela-tionships with the union, "we may not have to present our own offer after all," says Mr



**NEWS:** EUROPE

By Judy Dempsey in Beigrade

THE PRESS in Crostia and

Serbia has remained relatively

free over the past year despite

The Croatian authorities yes-

media is dismissing or demot-

ing non-Serbs from the radio and television.

The moves against the media in Croatia followed the deci-

sion by Mr Vladimir Seks, the

newly-appointed state prosecu-

tor, to start proceedings

against the republic's most

prominent journalists and members of the opposition.

They include Mr Ivan Zvoni-

mir Cicak, head of the Croatian

Peasants' party, Mr Milorad Pupovac, leader of the Serbian

Democratic Movement, and Ms

The journalists and opposi-

charged under article 197 of

the penal code which states

false information will receive

prison sentences of up to five

years. Yesterday, the Croatian

Danas, the weekly magazine.

### Prague seeks to escape deadlock

THE newly-elected leaders of the Czech and Slovak republies have agreed to try to form otickly air interim federal goverument despite deep differ-ences over the future federal state revealed at their first meeting which ended early

Mr. Vaciav Klaus, Czech leader of the Civic Democratic party (QDS), said the six-hour meeting revealed "completely different positions on the future of the 74-year-old federfor a Democratic Slovakia, led by Mr Vladimir Meciar, was not interested" in a common

They are for a vague economic and defence union, a community of two sovereign states modelled more on the Visegrad Alliance (between Czechoslovakia, Hungary and Poland) or a mini-European Community than a federation." he said.

We have no illusion about the chances for success and stability for such an unusual configuration."

At a press conference Mr

demanded what he called a "working federation", continuation of economic reforms and the re-election of Mr Vaclav Havel as president as the basis for a reformed federal state.

The Slovak leader has refused to support President Havel's candidature and declared his intention to proclaim a sovereign Slovakia with its own constitution and president. He has also expressed radically different economic ideas, including the demand for a Slovak central bank. Mr Klaus said the two sides had not even started to

resume in Prague tomorrow. However, they agreed on the need to form an interim federal government as soon as possible and will discuss details of a skeleton adminis-

tration at their next meeting. Mr Klans said that the first round of talks, which took place in Brno, the Moravian capital, halfway between Prague and Bratislava, were held in a "calm and businesslike manner". In spite of the depth of their disagreements. neither wants to be seen as

Party (DLS) of Mr Weiss. First

An alliance with the DLS would give Mr Meciar both more seats - and more flexibility in talks on the federal future. The choices open to Mr Vaclav Klaus, whose Civic Democratic Movement won 80 out of 300 seats in the federal assembly, are more limited. The size of his electoral success squeezed out his natural ally, the Civic Democratic Alliance (CDA) and his right-hand man, Mr Vladimir Dlouhy, the

need allies other than a handtian Democrats.

the federation would greatly simplify politics in both

the imposition of censorship because of the civil war. But recent events suggest that a widespread crackdown on the media is taking place in both

Ultra-nationalists try to silence liberal voices

Serbia and Croatia launch

lication of Danas, a forum for

independent thinking, on the

unds that it was insolvent.

But Mrs Savka Dabcevic-Ku-

car, leader of the opposition

crackdowns on the press

Croatian People's Party, said it was an attempt by the ruling Croatian Democratic Union, led by President Franjo Tudiman, to bring the small independent-minded press under its control Slobodna Dalmacija, a terday stepped up their camdaily which has consistently campaigned for press freedom, even under the former commupaign against critics by prohibiting the publication of a leading opposition weekly mag-azine. In Serbia, the state-run nist regime, will also be placed under state control.

"Tudjman is becoming increasingly authoritarian. Anyone who criticises him is regarded as a traitor to the Croatian state," said Mr Mate Mestrovic, deputy head of the People's Party. He added that if the parlia-

mentary elections go ahead as scheduled this summer, censorship in the state-run television and media will be increased even further. Unlike Serbia. there are no semi-official television or radio channels.

Western diplomats and UN Jelena Lovric, a columnist at officials yesterday said Mr Tudiman is using the international spotlight on Serbia as an tion members are being opportunity to quash the opposition. They also fear that through silencing his critics, that anyone disseminating Mr Tudiman may be preparing to launch an offensive in eastern Slavonia, east of the republic which Serb forces seized

tection of UN peace-keeping forces, diplomats believe Mr Tudjman, and Mr Djoko Susak, the defence minister, are determined to place the region under Zagreb's control.

In neighbouring Serbia, liberal-minded journalists have been demoted from Tanjug, the Belgrade-based state-run news agency. "Non-Serbs, or those with mixed ethnic background are being dismissed," said a former Tanjug editor. "Those who speak out, or write the truth, are also being demoted or told to leave," he added.

Mr Vojislav Seselj, head of the ultra- nationalist Serbian Radical Party recently published a list of Serb journalists whose critical reporting was singled out for "betraying the Serbian cause". One freelance Serb photographer had his house machine-gunned last week in Belgrade after publishing photographs of a Serb executing a Moslem at point-blank range in Bosnia-Hercegovina.

Despite the clampdown in Serbia, the Belgrade-based Studio B, the semi-independent television channel, and B 92. the radio station, and Vremie. the weekly magazine, continue to break through the blanket of

However, diplomats said it was only a matter of time before Serbia went the same way as Croatia by silencing the

#### Children made to suffer in city of evil

By Judy Dempsey in Belgrad

IT WAS raining yesterday in the Bosnian capital of Sarajevo. But Mirsad Beserovic was

"It is awful when the weather gets very hot. The flies and rats descend on the piles of garbage now stacked high on the streets of our capi-tal," he said.

For the past 60 days, the city authorities have been mable to collect the rubbish. Nor can they bury the dead. "It is like a ghetto. We cannot bury the dead in their rightful places.

The people of Dobrinia which is near the airport and which is being starved to death by Serb irregulars, bury their dead in the parks. It is awful. The children hear and see so much evil. There are 50,000 children under the age of 10 in Sarajevo. For the past 60 days, many of them have been in the cellars, without food, without milk, without protein. It is ter rible. Some of their brothers and fathers have died while defending the city. What kind of childhood is this?

"I have been unable to go home for 60 days. I do not know if my house has been shelled. I worry about my wife all the time. She is with my parents near Sarajevo.

"I have been living at the Sarajevo Radio studios where I work as a journalist. By day, ! work. At night, I stay here at the Radio, like most of the people working here. It is not safe to go out. If I do, I might never come back alive. It is difficult to sleep at night. That is when the Serb irregulars and Yugo slav army start bombing.

"We live on rice and maca roni. I cannot remember the taste of fruit," said Mirsad. "T am not afraid of hunger, but of what I will see when, one day, it will be safe to walk the streets of Saraievo again.

"I know that when I will walk out there, I will see destruction all around me. They are trying to destroy our beautiful city. They are trying to break the friendships between Sarajevo's Moslem, Serb and Croat population. But they will never succeed."

### Republics caught in great divide

THE CRISIS over Czechos lovakia's future as a federal state is taking place against the background of a political landscape which has already been transformed by last week-end's elections.

The anti-communist intellec-

uals, who kept passive resistance alive after the 1968 Soviet invasion and led the velvet revolution" of Novemher 1989 have been eclipsed Their movements, the Civic Forum in the Czech lands and its Slovak version, the former "Public Against Violence" were already gravely weakened by earlier splits. Both failed to gain the 5 per cent of votes needed for seats in parliament. The consequent departure of men like Mr Jiri Dienstbler, the foreign minister, and 12 other members of the outgoing 18-man federal government, has weakened President Vaclay Havel.

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He looks like an isolated monument from that brief period of suphoria when poets and philosophers replaced apparatchiks. His re-election next month has been threatened by the opposition of Slovak nationalists and former communists although he retains the affection of many ordinary Czechs and Slovaks.

But the polarisation of politics between "left-wing" nationalists in Slovakia and "right-wing" market reformers in the Czech lands which has put the federation at risk has Weiss, has greatly narrowed also weakened other "centrist" the victors' scope for coalition-

tangangan da haribana fili dagama da arawa 18 da araba da bara da bara da bara da bara da bara da bara da bara



Mediar, leaning towards a coalition with reform communists

nist whose nationalist Move-

Slovakia (HZDS) just failed to

win an overall majority in the Slovak National Council, has

to choose between Mr Jozef

Prokes, leader of the outright

separatist Slovak National

Party, or the Democratic Left

parties", like the former ruling forming. In Slovakia, Mr Vladi-Christian Democrats in mir Mediar, the former commu-

Slovakia. The erosion of the centre. and the return to respectability of the communists, especially in their reformed and renamed Slovak version under the young and personable Mr Peter Weiss, has greatly narrowed indications, after talks with both leaders yesterday, are that Mr Meciar is leaning towards the reform commu-

former federal economics min-

The failure of the CDA to surmount the 5 per cent har-rier means that Mr Klaus will ful of Czech and Slovak Chris-

In order to confront the Slovak nationalists and Czech and Slovak ex-communists ranged against him in the federal parliament he needs a deal with the Social Democrats, who up to now he has dismissed as unrealistic believers in "a third way" between capitalism and

Ironically, a decision to end ment for a Democratic

Both Mr Meciar and Mr Klaus dominate their republican parliaments and would be able to implement policies which would move both halves of the present republic in opposite directions.

### Milosevic faces a party split

By Judy Dempsey and Reuters in Belgrade

The Serbian president, Mr Slobodan Milosevic, yesterday faced a rebellion within his ruling Socialist Party from opponents who accused him of serious misrule culminating in the United Nations trade and

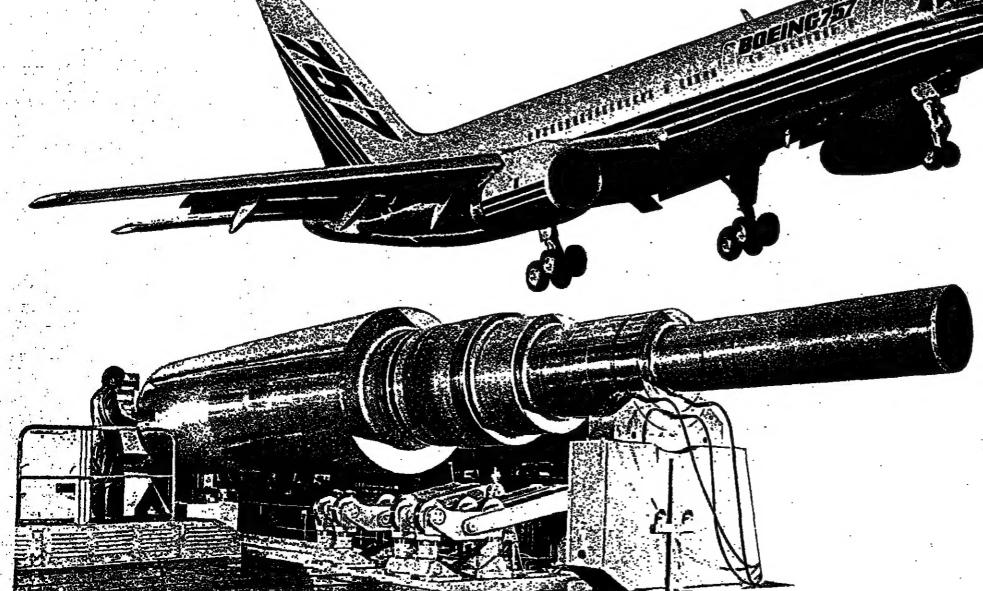
Their move coincided with more street battles in the Bosnian capital, Sarajevo, where many residents, including Serbs, face starvation. The split in Mr Milosevic's

party was led by 12 socialist deputies in the Serbian parliament who said they would leave the party of ex-communists and set up their own political organisation unless there were fundamental changes. "We hope above all to bring about changes within the party, or to be more specific, changes to the party's direction," Mr Jovan Cvetkovic, one of the rebel depu-

ties, told Tanjug news agency. The deputies criticised the party for the way it hastily created a new Yugoslav state in April, its poor handling of the crisis and its relations with the dispirited federal

army and the opposition. In Sarajevo, fighting broke out towards midday after Serb forces held their fire during the night. Residents describe the renewed fighting as inter mittent shelling, less intens than on Monday when Sarajevo's Moslem, Serb and Croat defenders, defying a two-month siege by Serb irregu-lars, staged their first counteroffensive after three days of hlistering Serb bombardments.

# PIAINS INDUSTRY



THE SYMBOL OF POWER

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£6.6 billion order book, Rolls-Royce leadership is here to stay.



### agree interbank market overhaul

the largest banks in India met the governor of the central bank, Mr S. Venkitaraman, yesterday to agree to an overhaul of the country's interbank market in the wake of the Rs30.8bn (£600m) Bombay stock market fraud disclosed in recent weeks.

Sweeping changes , proposed in a report last week by Mr R. Janakiraman, the bank's deputy governor, have been agreed, including the separation of banks' securities activities into three units: investment management, record keeping and safe-keeping of

Failure to separate these functions has made it easier for executives in some of the country's largest banks to generate fictitious deals and divert

money from the market. Everyone wants a market place that reduces risk," said one chief executive present at

Mr Venkitaraman is to travel to London this week for a meeting of central bank gover-nors, and expects to meet the chairman of Standard Char-

#### R C Murthy and Richard Waters report from Bombay

tered, the UK-based international bank that has total exposure of Rs10.55bn (£195m) in

Standard Chartered is understood to hold 15 trunkloads of securities lodged with it by Mr Hiten Dalal, one of the brokers who has been named in the

The bank is still in the pro-cess of itemising these piles of shares, public sector bonds and other securities, and has yet to put a total value on them. However, it believes they will cover a substantial part of its

have the credibility to call oth-All the assets of Mr Dalal ers unfair' and others named in the affair were impounded on Monday by Mr A K Menon, the custodian appointed by the government to recover money lost by the

### India's bankers | Tokyo hits back at Washington the 'unfair trader'

Japan finds condemnation can create a useful stir among its trading partners, Robert Thomson reports

T LEAST one senior Japanese official wel-A Japanese official wel-comed Washington's anger at topping a new Japa-nese league table of unfair traders. The US scored more violations than Indonesia and Malaysia, two countries not generally cited as models of

Having felt neglected by the international community, Tokyo has concluded that condemnation can create a useful stir among its trading partners, particularly the European Community and US.

The release this week of a

controversial report on Unfair Trade Policies should be taken as a promise of condemnation to come. The report, authorised by Japan's Ministry of Interna-tional Trade and Industry (Miti), found that the US had abuses or misuses in nine of 10 trade categories surveyed. It was blasted by the Bush administration on the "people who live in glass houses" principle and by US Congressman Richard Gephardt, who suggested that "Japan doesn't

Conceding that Japan is deficient in various trade areas. indeed, that the country is a "sinner", the government report, to be prepared annually, is intended to point the finger at Japan's major trading In the past, a passive Japan hinted it would appeal to the General Agreement on Tariffs and Trade (Gatt) for a ruling on unilateral action taken against it by the US and EC, but Tokyo generally agreed to limit exports of cars, machine tools or textiles and complied with apparently dubious antidumping rulings.

The 212-page Report on Unfair Trade Policies assesses the legal validity of such uni-lateral action, and finds, in most cases, that Japan has been sinned against. As such, the report is meant to be a warning that Japan will be less willing to accept voluntary restraint agreements and would be vindicated in any legal challenge against such

But there are two sides to a voluntary restraint agreement, and Japanese companies and Miti have consistently buckled under US and EC pressure. A few days before the report was released. Japanese electronics companies agreed to provide confidential procurement information to help the politically-influential US semiconductor

Over the past year, Japan has assisted the US Eximbank in a co-operative financing programme that helps US compa-nies win third-country projects, agreed to the introduction of a

pact, and set targets for pur-chases of US-made car parts. "We do have our problems," Miti official said yesterday. But we think this report is important in establishing a legal framework for unfair policies. We are not really comparing the countries' performance because the report does not examine the degree of the problems in various countries." Apart from finding that various US and EC actions are unlawful, the report empha-

sises that countries are hurting

themselves by imposing restrictions on trade. But there

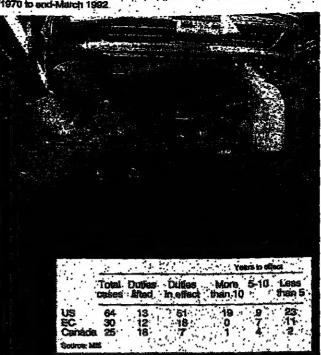
is also a blunt recognition that

trade friction is "unavoidable". "Friction is a product of development, an unavoidable way-station on the road to further growth. Yet this is a difficult fact to grasp, perhaps because trade friction is simply one kind of economic growing pain, and growing pains are not easily recognised as such by those experiencing growth," the report concluded.

But the report implicitly shows that those growing pains are unusually concentrated in the US-Japan region: "With the one exception of trade-related investment measures, the US employs unfair policies and measures in nine areas out of 10 cited in this

Those unfair policies include

Antidumping duties on Japanese products



tions on trade, discrimination against foreign products in government procurement, unilateral action against trading partners, arbitrary application of anti-dumping measures, arbitrary changes in tariff clas-sification, and deficiencies in

protecting intellectual prop-

ington were no doubt bemused to find government procure-ment and intellectual property on the offence list, as the

claims Japan is deficient and which have been the subject of constant negotiation in recent

The EC also scored six violation points out of a possible 10, having allegedly failed on quantitative restrictions, gov-ernment procurement, antidumping, arbitrary application of country of origin rules, tariff changes, and restrictions on

trade in services. Italy receives particular attention for its tough restrictions on Japanese car exports, while France is cited for demanding that 40 per cent of films broadcast be French, a rule that invites another musual if mild warning about European cultural develop-

"These restrictive measures, ostensibly designed to preserve European culture, are claimed to be politically unavoidable These provisions, however, have also been criticised as suppressing the dynamic development of European culture," the report says.

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The Japanese government is determined to be more controversial, if gently so on the issue of culture. But the Tokyo now fond of sending toughlyworded letters to Brussels and Washington is vet to match these words with action on rice market liberalisation or on making transparent some of its

### Congress set for by-election boost

By David Housego In

INDIA'S Congress party received a boost to its morale yesterday when it seemed certain of regaining a key parliamentary seat in a by-election in New Delhi.

Mr Rajesh Khanna, the Congress candidate and a star of Hindi films, seemed assured of a comfortable victory in a seat which Mr L.K. Advani, the Bharatiya Janata Party (BJP), leader had won in the general election last year. Mr Advani had to vacate the constituency because he took another seat

The result comes at a time when Congress feels on the defensive both because of continuing high inflation and because of the Bombay stock

market scandal. It suggests, however, that Congress is still winning back voters who turned to the BJP in the last election out of weariness for the Congress party.

The Congress victory in New Delhi is part of a trend reflected in scattered local elections this year. Last month Congress defeated the BJP in municipal corporation elections in Simla - the capital of the Himalayan hill state where the BJP is in power. Congress in February also scored a strong victory over the BJP in municipal by-elections in Bom-bay in February.

The New Delhi by-election was one of two parliamentary constituencies for which voting took place on Monday. At the same time 13 state assembly seats were being contested.

### Japan's UN peace-keeping bill reaches its last stage

By Stelen Wagstyl in Tokyo

A CONTROVERSIAL bill to permit Japanese troops to join United Nations peace-keeping missions was due to enter its final stage of Dist deliberations today.

The bill was approved by the Diet's upper house early yesterday by a vote of 137 to 102 after filibustering by opposition parties forced the chamber to hold four exhausting all-night sessions. Although sometimes bordering on farce, the Diet's deliberations have highlighted the deep concerns evoked by the bill about a possible infringement of Japan's pacifist constitution.

The opposition Social Democratic party finally abandoned its delaying tactics out of consideration for the health of some of its elderly members and for public protests about wasting taxpayers' money. However, the smaller communist party contin-ued filibustering to the bitter

Both parties have pledged to fight the bill when it returns to the lower house today for the deliberation of amendments. The lower house passed the original bill last December but it has since been watered down in a vain attempt to accommodate opposiThe ruling Liberal Democratic party is confident that the bill will be passed before the Diet ends on June al even though opposition party offi-cials vowed to block the measure. Party officials have threatened to call a general election if the legislation fails. It would be held at the same time as an election for upper house seats due in June.

The LDP often does well in such a "double election" because it has more money than the opposition so can more easily fund the extra campaigning. The opposition parties say they would welcome a general election in order to put the peacekeeping forces bill to the people.

There is an element of bluff on both sides – some senior officials in both

the LDP and opposition parties are against wasting valuable funds on an unnecessary double election. The bill would allow the government to despatch 2,000 troops to serve on United Nations peace-keep-

At the insistence of the opposition, Japanese participation will be limited

to support roles. Japanese servicemen will be allowed to carry out combat duties only if the Diet revises the bill on a future occasion. Even then, every despatch of troops would be subject to a

Diet veto. Meanwhile, the delays over the bill have placed in jeopardy the plans of Mr Kiichi Miyazawa, the prime minister, to attend the Earth Summit in Rio de Janeiro. Mr Miyazawa, who was due to travel to Rio this weekend, may be unable to leave Tokyo if problems emerge in the lowerhouse. Nor will Mr Michio Watanabe, the foreign minister, be able to deputise for the prime minister, either in Rio or in the Diet. Mr Watanabe has been

rushed into hospital for emerge treatment for gall stones. See Editorial Comment

### **HK Democrats** condemn British Secrets Act plan

in Hong Kong

DEMOCRATS IN Hong Kong last night condemned a British decision to bypass the local legislature and introduce the UK 1989 Official Secrets Act by administrative means.

The colonial government sought to present the decision as a "liberalisation" of Hong Kong's laws governing official secrets. It said yesterday that the 1989 act would become law in Hong Kong at the end of this month after an order by the Privy Council. The United Democrats said

the decree violated a 1984 pledge, enshrined in the Hong Kong Act of 1985, that the colony would have the power to enact its own laws. They vowed to campaign for its withdrawal. A spokesman said orders in council fell outside jurisdiction of the colony's bill of rights. A law so enacted would not be legal after Hong Kong reverted to Chinese sovereignty in 1997.

This would create a vacuum Beijing would fill by applying its law to Hong Kong in the same way - by order thereby depriving Hong Kong people of a say in an important piece of civil rights legislation. A dangerous prece-

dent had been set.

The government said the Privy Council's decision did not rule out a move to localise the law through Hong Kong legislation. But it has shown little inclination to do so. If the government were to introduce local legislation it would first have to seek China's approval. Measures which span 1997 are the subject of Anglo-Chinese negotiation.

Given the poor state of Hone Kong-Beijing relations, latterly strained by disagreement over financing the colony's HK\$120bn (£8.5bn) airport, the government is reluctant to raise the issue with China · China has urged the Hong

Kong government to relieve Hongkong and Shanghai Bank of its residual central banking powers as the bank is "paring its commitment" to the colony. The Beljing-funded China News Service said the government should "enhance further its financial supervision" in the colony now that "the HSBC intends to fade out from Hong

The government "should strengthen its control" over the domestic money and for eign exchange markets. It did not mention Hongkong Bank's role as a note issuer or clearing



#### RULING PARTY EXPECTS EASY WIN IN INDONESIAN ELECTION

INDONESIA'S President Suharto (above left) watches people queueing to vote yes-terday in an election which his ruling Golkar party expects to be returned to power with a substantial majority, William Keeling reports from Jakarta.

Early reports suggested a high turnout of about 90 per cent, with preliminary results expected later today. There has been little violence.

Gen Try Sutrisno, the chief of armed forces, warned on Monday of "individuals and parties who want to turn back the clock" by preaching a Marxist ideology. About 500,000 people died in a bloody backlash following a failed communist

coup d'état in 1965. Gen Sutrisno denied that there would be manipulation in counting the vote, although government officials have con-

ceded an element of fraud in past elec-

In the last election in 1987, the Golkar party won 73 per cent of the vote. Opposition parties were expected to make only marginal gains yesterday.

Golkar, some voters in Jakarta yesterday spoke of disillusion with the political pro-

Despite the overwhelming support for

### control over PAPUA NEW Guinea By Emilia Tagaza in Canberra

PNG claims

yesterday claimed to nave re-established central government control in 80 per cent of the secessionist island of Rougainville, which has been in rebel hands since police and army units withdrew in 1990, writes

Kevin Brown in Sydney. Mr Rabbie Namaliu, the prime minister, said the government expected to regain control of the remaining rebel areas in the Kieta and Arawa districts by the end of the year.

Military beachheads have been established recently on Buka Island, to the north of Bougainville, and at Siwai, in the south. However, Mr Namaliu said the re-establishment of government control in the remaining rebel-held areas would be achieved "by talking, not with the barrel of a gun." He said Mr Francis Ona,

leader of the rebel Bougainville Revolutionary Army, had requested a resumption of peace talks, which have been held intermittently over the past two years.

"I have said we are prepared to resume on the condition that secession is not included for discussion," Mr Namaliu

#### | ABB to run W Australia Bougainville | power plant

THE Swiss-Swedish group Asea Brown Boveri (ABB) has been commissioned to develop. and operate an A\$2bn (£800m) coal-fired power station in Western Australia.

The 600 MW plant in Collie in the state's south-west region will be the first big privately-funded and owned nower station in Australia.

Much of the funding is due to be raised through the issue of special infrastructure bonds to be arranged by the consortium's financial adviser, Bankers Trust Australia. The bonds, which attract concessional tax rates, were introduced by the Commonwealth government in February to encourage private financing of large infrastructure projects.

The Collie plant was originally to have been developed by a syndicate led by Australia's Transfield Group and Japan's Mitsubishi Corporation. The Western Australia government awarded the mandate in October but withdrew it in April when Mitsubishi Transfield failed to raise funding at rates that would deliver its promised electricity prices.

### Amnesty urges SA security forces curb

By Philip Gawith in Johannesburg

PROSPECTS for a peaceful transition to democracy in South Africa will be seriously threatened if the government fails to intervene effectively and impartially to stop violence and curb security force es, says a study today by human rights group Amnesty International.

in political killings over the past two years, noting that more than 7,000 people were victims of political violence between January 1990 and March 1992. "There seems to be little relation

between the politics of negotiations about the new South Africa taking place at the national level and the cynicism, distrust and fear evident at the grassroots," the The 100 page report, "South Africa report says. It calls on the government "at - State of Fear," provides a catalogue of security force involvement and complicity that extrajudicial executions, torture and

other grave human rights violations con tinue to be committed by members of the security forces and others acting appa. ently on their behalf or with their acquies

Amnesty says the government should make it clear that all people responsible for such conduct will be brought to justice Although it acknowledges abuses on al sides, Amnesty focuses on human right violations committed by the governmen or its surrogates.

### Libya details IRA links

LIBYA yesterday told a British official in Geneva about its links with the Provisional Irish Republican Army, Our Middle East staff reports.

Mr Edward Chaplin, the Brit-

ish chargé d'affaires, said: "I received some information, I'm transmitting it to London and we shall study it". Mr Abdul-Atti al-Obeidi, a former Libyan foreign minister who is now ambassador to Tunisia, headed a four-man team at the meeting. He described the atmosphere as "very friendly" British officials said they were still sceptical of Libyan intentions and pointed out that Tripoli had not complied with the central part of a United Nations resolution demanding that it must hand over two men accused in the bombing of a PanAm airliner over Scot-

### Islamic murder awakes fears among Egyptian élite

By Tony Walker and Shahira Idris In Calro

EGYPT'S liberal élite has been stunned by the Moslem extremist assassination on Monday in Cairo of Dr Farag Foda, the prominent secularist writer and campaigner against

nist for the daily Al Ahram, described the killing as "an extremely serious development". He said that the threat of Moslem extremism in the country was

IMF-inspired round of price increases that are certain to fuel resentment the long hot summer approaches.

Egyptian had now been murdered for his "oninions".

ing; he had no power, he was not a politician. All he had was his

she added. This man could do noth-

with Moslem extremism The government has been seeking to co-opt mainstream Islamic groups

itself under increased official pres-sure following the death of Dr Foda and indications recently that Islamic extremism is again on the rise in

lic media to be used to attack Islam. The position of the government in general and that of the governmentrun media in particular is responsible for such an incident," he declared. "The government-run media has its

writers who attack Islam..."
Dr Foda, 47, was easily the most prominent among Egyptian critics of slamic extremism, and last week advocated the enactment of a special law to deal with terrorism.

Egypt's 1990 parliamentary elections, he declared in a campaign statement: I'm fighting terrorism. I'm not fighting the people who pray, but I'm fighting the people who abandoned dialogue and who fight now with the

#### Israel eases curbs on Palestinians in Gaza

By Hugh Carnegy

ISRAEL yesterday partially relaxed tough new rules put into force on Monday restricting the number of Palestinians from the Gaza Strip allowed to work in Israel following protests from israeli employers whose businesses were threat-

whose businesses were threat-ened by the regulations. The hasty climbdown under-scored the dilemma Gaza has posed the hardline Likud government as the June 23 general election approaches. It sealed Gaza to prevent a repeat of a

fatal stabbing of an Israeli schoolgiri near Tel Aviv, which

led to furious protests over security policy. But Likud ide-ology also dictates that Gaza is an integral part of Israel and Israeli industries such as construction have come to depend heavily on cheap Gazan labour.
The Labour opposition argues that Israel cannot absorb Gaza and the West Bank, which should be allowed to develop as a separate entity. Yesterday's regulations dropped the lower age limit for . Gazans allowed to work in Israel to 25 from 28.

Dr Foda was caught in a hail of builets fired from an automatic rifle as he left his office in a Cairo suburb. He died later in hospital. One of his assailants was arrested.
Mohammed Sayed Ahmed, a colum-

increasing "exponentially".

Dr Foda's assassination coincides with a government crackdown on Islamic extremists, and follows serious communal disturbances recently in towns south of Cairo between Moslems and Christians, in which 13 people were killed. It also comes on the eve of another

among hard-pressed Egyptians as Ms Hala Mustapha, an expert on Islam at the Al Ahram Strategic Studies centre, described Dr Foda's slaying as "a terrible thing". An

"This is a dangerous tendency

because one used to say that those groups were in conflict with the government," she observed. "But now it is not so: they are targeting any kind of view which is contrary to theirs." "This is without any doubt terror-ism, an unprecedented incident that could threaten the whole society,"

The assassination in broad daylight of Dr Foda by young men claiming membership of Islamic Jihad (the same group responsible for the mur-der in 1981 of President Anwar Sadat) is almost certain to force the Egyptian authorities into a further review of their strategy in dealing

by presenting itself as a custodian of Islamic values, while at the same time cracking down hard on fringe Islamic groups such as the Jihad which advocate violence. The banned but tolerated Moslem Brotherhood (Ikhwan) may also find

Egypt. Mr Maamoun Hodeibi, the leader of the Ikhwan in Egypt's parliament, said yesterday his organisation "regretted" the incident, but blamed the government for allowing the pub-

An unsuccessful candidate for

### Congress tries to kick deficit habit

By George Graham

CONGRESS will today begin debate on a last bulwark against the ever-spiral-ling US fiscal deficit an amendment to the constitution to require the president and Congress to balance the budget.

Neither Republican President George Bush nor the Democratic majority in Congress has shown much appetite for taking the tough decisions necessary to comply with such a constitutional amendment, such as raising taxes or slashing spending.

Nevertheless, both Mr Bush and an improbable coalition of Democrats such as Senater Paul Simon of Illinois and Representative Charles Stenholm of Texas have joined forces to press for

Russia and

N-arms cut

RUSSIA and the US yesterday

failed to reach agreement on a

pact for further steep cuts in their nuclear arsenals, but

said they still hoped to bridge the gap in time for next week's

summit meeting between Pres-

idents George Bush and Boris

Mr James Baker, US secre-tary of state, said he had been

unable to agree with Mr And-

rei Kozyrev, his Russian coun-

terpart, on either the number

ons that should be cut, or on

Mr Kozyrev said, however,

he was "sure we will be able to

Both sides agree on the prin-

ciple of extending the arms

cuts set by last year's Strate-

gic Arms Reduction Treaty

(Start), although they differ on

"I think there's a genuine

recognition on the part of both countries that we ought to reduce the levels of these

weapons, in light of the new

political environment, as sub-

ole," Mr Baker said.

greater proportion of

pased US arsenal.

nuclear force than that of the

predominantly submarine-

Some disarmament special-

ists fear that the Bush admin-

istration may be jeopardising its chances of winning steep cuts in the Russian missile

force by its insistence on elim-

inating land-based multiple

warhead missiles, such as the

10-warhead SS-18, which will already be halved under the

terms of Start.

Japanese to

baseball team

A JAPANESE-led consortium

was yesterday given approval to buy the troubled Seattle Mariners baseball team, mark-

ing the first time the sport has

permitted non-North American ownership of a big league club, writes Martin Dickson in

A committee of owners of

the big league teams recom-mended the consortium's

\$100m offer be allowed to pro-

ceed. The 26 teams which

make up the league are expec-ted to give final approval

The purchasers, who include

a large number of local Seattle

figures, are led by Japan's

Yamauchi family, founders of

the Nintendo video game com-

pany which has its North

American headquarters in the

The offer stirred ap latent

anti-Japanese sentiment in the

US and the consortium had to

commissioner, said yesterday

the Yamauchi family's role in

running the team would be

limited, consisting of "the

power to approve certain

cracking down on a wave of

guerrilla violence, including a

10 pm-5am restriction on the

circulation of private vehicles,

"It is a prohibition of circu-

lation of vehicles, not people.

Factories will not be affected,"

Reuter reports from Lima.

Mr Fujimori said.

buy US

New York

Seattle area.

involvement.

or the types of nuclear weap-

the timing of these cuts.

arrive at closure".

US fail to

agree on

By George Graham

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The balanced budget amendment has lost momentum in recent weeks as it encountered stubborn opposition from senior Democrats, led by Senator Rob-

ert Byrd of West Virginia. Still, the measure has kept up a good head of steam and is thought to stand a fair chance of winning the required two-thirds majority in a House of Representatives vote expected tomorrow, even if it then faces a rougher ride in the Senate.

Senator. Byrd likens the amendment to everybody's favourite granny: cute, but toothless. "You cannot gum the deficit to death," he told his colleagues. If passed by the necessary majority in both houses, the amendment would

need to be ratified by three-quarters of the US's 50 states to take effect. The campaign for a balanced budget

port, particularly in the House, from legislators anxious to redeem themselves with voters who have expressed increasing disgust at Washington's apparent gridlock, as well as at members' exploitation of the liberal over-

draft policies of their House bank. But its backers have also tapped a national undercurrent of concern at the mounting national debt, which has quadrupled to more than \$4bn in the last

The drive for a balanced budget amendment mirrors in some respects the appeal of Mr Ross Perot, the Texas billionaire who has built his still undeclared presidential campaign heavily on the need to tackle the deficit, and on Washington's inability to get the job

The budget deficit this year is expected to set a new record at \$400bn, or nearly 6.9 per cent of gross domestic product. Although this deficit would, on the administration's projections, fall in the mid-1990s as the cost of bank failures dwindles, it would start to rise again in 1997, both in cash terms and as a proportion of GDP.

Net interest this year is estimated by the Congressional Budget Office at \$201bn, more than 18 per cent of total tax revenue

Last week, Mr Bush threw his weight behind the amendment in a news conference. But he and the amendment's congressional backers look rather like alcoholics begging their friends to take away the whisky bottle, while simultaneously trying to hold on to their jobs

#### Decision leaves US isolated at Earth Summit

### **UK** attaches conditions to biodiversity treaty

David Lascelles in Rio de Janeiro and George Graham in Washington

THE UK is to sign the Earth Summit's convention on biological diversity, or species protection, but with a declaration on its own interpretation of the question of financial commitments, Prime Minister John Major said yesterday.

In a written statement at Westminster, Mr Major told MPs that signing the conven-tion would be subject "to satisfactory arrangements that take full account of our concern about financial commitments"

His comment that it would provide "an initial step in protecting natural habitats and the range of species throughout the world" was less enthusiastic than the comments

British

left in

**business** 

the cold

joined other European Community members in urging other countries to sign.

The UK's decision to sign leaves the US as the only significant country refusing to initial the treaty, with no change in its position in view. Japan, which also had worries, is expected to sign.

US administration officials said they saw no hope of winning changes to the biodiversity convention that would persuade them to sign. They said the convention's

provisions on intellectual property would undo two years of painful negotiations on the same subject in the Uruguay Round of the General Agreement on Tariffs and Trade.

The UK's worries centred on the possibility that aid commitments to developing countries contained in the treaty could

vention which the UK has amount to richer countries signing a blank cheque. However, Mr Michael Howard, the UK environment secretary. said in Rio: "We believe we have found a way round these

> The US also repeated vesterday that it had problems with the Rio Declaration, the summit centrepiece due to be signed by all leaders on Saturday. The US said it might not subscribe to this statement of environmental principles.

Side declarations have provided a useful way out for countries which want to sign the treaties, but need to express reservations. The EC countries announced yesterday they would make an accompanying statement to the climate change convention which restates their determination to reduce carbon emissions to

### Compromise on aid cash eludes

By David Lascelles and



BRITISH busi-

exporters have put up their stalls 800 miles from Rio in São Paulo, Brazil's commercial capital, which is staging an exhibition of environmental technology. Talk that Mr John Major,

the British premier, might pop in has fallen through. Downing Street thought he should spend time on the way to Bra-zil talking to Colombians about drug control: Mr Michael Howard, the environment secretary, would go to São Paulo instead. Now he has cancelled as well, because of nego-

tiations in Rio. So Britain's gallant few had the environment minister, who slipped into São Paulo for a few hours on his way home to London yesterday. The Germans, by contrast, will be visited today by Chancellor Hel-mut Kohl. "Typical," mutters a disgusted Brit.

Everyone is relying on Japan to provide the money and tech-nology to implement the sum-mit treaties. But it is the great polluters, the Chinese, that are bringing a smile to the faces of

Chen Wen Yii, an enterprising Chinese immigrant, has set up a flower shop inside the conference centre from which he is distributing red roses free. "For people to save the planet it is important that they are happy," he explains.

Mr John Major will be met by

a sleek green Jaguar when he arrives in Rio tonight. He may never know how close he was to hitching a lift. Brazil, still one of the

world's most protected economies, only recently allowed the importation of cars, and no suitable British vehicle was available in the country. The closest armour-plated car was in Georgetown, British Guyana, and had to be shipped down the coast, suffering considerable damage en route.

Until a few days ago the Jaguar was in pieces in a mechanic's shop in Rio waiting for new parts - including a bullet-proof windscreen - to be flown in. Mr Brian Brown, the mechanic and a British former naval engineer, had to postpone leaving Brazil to finish

## officials at Rio

nessmen hoping to promote their wares at the Earth Sum-AS THE Earth Summit runs into its final days, there is no doubt as to what is the crunch issue: money. Everyone agrees mit in Rio de that billions of dollars of aid DIARY Janeiro are will be needed to make the summit agreements effective about lack of support from the because most of the clean-up work is in the Third World. But who will provide it, and on

what terms? Government officials were engaged in a hectic round of meetings yesterday to try and resolve the wide disagreements at the Riocentro. If they fail, the matter will be nut before

ministers today And if they fail too, it will be up to heads of state to find an answer when they convene on Friday. The main points at issue are: how much money will be made available;

 how big a long term commitment will the rich countries

 how it will be provided. \$625bn a year would be needed by Third World countries, of which they would have to provide \$500bn themselves. The remaining \$125bn would come from existing \$55bn of aid plus \$70bn in new money. This last sum is what all the wrangling is about. Industrial countries have agreed in principle to

advance "new and additional funds" – but in nothing like the numbers being sugges Mr Mahbubul Haq, the former Pakistani finance minister and now a UN adviser, argues that the industrial countries will have a "peace dividend" of \$1.2 trillion over the next 10 years which could be re-chan-neled into the environment. Alternatively a carbon tax of \$1 per barrel would raise

\$40hn. But, he complains: "Most of what we're talking about here is small change." The G7 industrialised countries had hoped to leave Rio without having to make hard and fast commitments, but the build-up of political pressure is now such that they will have

to put hard money on the

The best estimate at the moment is that they will come up with between \$5bn and \$10bn, but much will depend on Japan which seems keen to display its green credentials. Japan's foreign aid currently runs at about \$11bn a year. It has also spent just over \$2bn on environmental aid since

1990. Japanese officials are suggesting that the total foreign aid sum might be increased by 50-75 per cent, with a larger chunk being allocated to the environment. However, a senior Japanese official says: "It's still a fight between the Foreign Ministry and the Finance Ministry." The other big demand is that

the developed countries commit themselves to channelling 0.7 per cent of their GNP into aid. This is almost double the proportion most countries give in aid, although some smaller European countries are at that

The Group of 77 developing countries want the developed countries to commit themselves to reaching that level by the year 2000, but the G7 say that is out of the question. There does not, therefore, seem to be any chance of their making a long term aid commitment in Rio.

As for the means by which aid will be advanced, the developing countries have been demanding a multi-billion dollar "green fund". However the donor countries have insisted that any aid linked to the might lie.

Members of Europe's leading tions (NGOs) last night met European environment minis-ters at the summit to call for stronger action on forest destruction and a commitment to work towards a worldwide forest convention, reports Christina Lamb in Rlo de

Forests, are one of the most contentious issues of the summit and there has been little progress on bridging the north-south divide on the subject. With only one day of working group discussions left it seems unlikely there will be any agreement on deforesta-tion which is continuing at a rate of 17m hectares a year.

Mr Andrew Lees from Friends of the Earth said there was a danger the summit was losing sight of vital environ-mental problems because so much was being negotiated simultaneously in Rio. Forest devastation was continuing

"unhindered" in the meantime. A convention had to be dropped long before the sum-mit and replaced by a nonbinding declaration of forest principles which says little other than that forests should be conserved and managed sustainably. Even this is causing controversy at the conference with developing countries, led by Malaysia, seeing it as an infringement of their sovereignty.

Earth Summit treaties be channelled through the Global Environmental Facility administered by the IIN and the World Bank, However they have agreed to make the GEF more "democratic" by giving recipient countries a greater say in how its money is spent. The money issue is being thrashed out in a contact

group headed by Mr Rubens Ricupero, the Brazilian ambas-sador to Washington. He put forward a working paper to try and forge agreement. This pro-posed what Mr Ricupero called "a system" of financing that would draw on all existing aid channels, regional development banks, the GEF and UN agencies, as well as special measures like debt relief and private investment.

The paper deliberately avoids hard money numbers. The only proposal containing actual numbers that has so far been put forward is the BC's. France has suggested that the EC commit Ecu3bn (\$3.84bn) over the next three to five years for environmental aid. This would be in addition to whatever sums member states pledge individually.

Mr Ricupero says he is hoping donors will commit themselves to "orders of magnitude". One western official estimated that the measures would imply aid of \$6bn to

His initiative has made virtually no progress, however. His paper was first denounced as favouring the rich countries. He then amended it only to be presented by the G77 developing countries with a demand for over 40 changes, described by one western official as a "wish list". This suggests that the two sides are even further apart than before.

In particular, the G77 insisted on the 0.7 per cent commitment. Since the industrial countries are saying "no way" to this, the two sides are at an impasse. Over the next 48 hours, the money issue could well reach crisis levels, and it is hard at the moment to see where the areas of compromise



Ross Perot: his populism is wowing the electorate from California to the Carolinas, but not finance chiefs

### Big business not big on Perot

Critics, says Martin Dickson, worry about personal qualities

stantially and quickly as possi-THEY WERE only throw-Russia appears close to accepting a US proposal for a away answers to a hypothetical question, but they pointed up a distinct lack but not the elimination of of enthusiasm within Ameriland-based multiple-warhead can big business for Texas bilmissiles, which make up a

presidential candidacy.

Executives from leading US companies at a conference in Virginia were asked what they would say to the independent Perot, one of the country's most successful entrepreneurs,

if he won November's election and asked them for advice.
"Resign," shot back Mr Howard Allen, former chief executive of Southern California Edison, one of the nation's largest producers of electricity. The response of Mr Robert Allen, chairman of

American Telephone & Telegraph, was more guarded but still barbed: "It would be refreshing," he said, "to hear Ross ask for some advice." Mr Perot's populism may be wowing the electorate from California to the Carolinas and

picking up support from small business, but the nation's biggest companies are sticking firmly to their traditional backing of the Republican party, which means supporting President George Bush. A recent poll of 115 chief

executives by Fortune magazine found that 78 per cent would vote to return Mr Bush to the White House, with a mere 11 per cent favouring Mr Perot and 4 per cent Arkansas Governor Bill Clinton, the Democratic party's candidate. At first glance this might

seem surprising, given that US businessmen often grumble that one of their number could surely do better than profes-sional politicians in breaking through Washington's habitual policy-making gridlock. Indeed, Fortune found that 65 per cent of respondents felt a business executive would make a good

alter significantly its propos-But many believe that Mr als to meet the baseball owners' concerns over foreign Perot is singularly lacking in the personal qualities needed are not necessarily those Mr Pay Vincent, the baseball

IN contrast to a general lack of executives across the specof enthusiasm for Mr Ross Perot's presidential candidacy among most business leaders, executives at US high-technology companies strongly support his campaign, writes

Louise Kehoe in San Francisco. According to a survey published this week by the American Electronics Association, a trade group representing more than 3,000 US high-tech compamies, 55 per cent of the 408 chief executives who responded named Mr Perot as their preferred candidate. President George Bush won 29 per cent, Governor Bill Clinton only 4 per cent.

Mr Richard Iverson, AEA president and chief executive, said: "I believe the poll results reflect the current preferences

to negotiate a path through the

capital's warring interest groups and entrenched bureau-They acknowledge that Mr Perot is a brilliant salesman (which would come in handy wooing votes in congress) and that he has shown throughout his career the rare ability to cut to the heart of complex issues, take rapid and decisive action, and elicit extraordinary

personal loyalty.
On the other hand, they worry about his reputation for dictatorial business behaviour, for reducing arguments to overly simplified black-and-white, and for deciding on a course while refusing

to listen to contrary advice. This mix of qualities may have been vital to his success: his single-minded drive and self-confidence was certainly there when he quit as a top salesman for International Business Machines in the early 1960s and founded Electronic Data Systems (EDS), the computer services group which made his fortune. However, his critics argue that the qualities of a successful entrepreneur

trum of the US electronics industry."

Mr Perot's appeal to electronics executives is not surprising, as he is regarded in the industry as one of its own "self-made men".

He is viewed as an entreprenear who ploughed some of his wealth back futo the industry through investments in start-up companies such as Next Computer, led by Mr Steve Jobs, the co-founder of Apple Computer.

Mr Perot's tough line on

Japanese trade is also well received in the electronics industry. His call for a "level playing field" echoes the sentiments of US semiconductor and computer industry execu-

needed to run a huge corporate bureaucracy, let alone a government machine which sees

politicians come and go and

which has countless ways to frustrate commands Politics requires compromise, and nothing in Perot's background suggests he is pre-pared to do that," said a lead-ing Wall Street figure who asked not to be named. "He's shown no evidence of being able to handle people who do not share his views. I don't think he'd make a very good

There are businessmen who believe Mr Perot's qualities are exactly what is needed in Washington: Mr Alan "Ace" Greenberg, chairman of investment bank Bear Stearns, says: "Tve known Ross for 10 years. I like him. I think he's brilliant. He's who I want for pres-

But many critics home in on Mr Perot's battle with General Motors - the closest thing to a government bureaucracy that you will find in US business as an example of the problems he would face in the White

After selling EDS to GM, Mr

ny's board and tried to help stem its long decline in the face of Japanese competition. He quickly and acutely identified many of the company's much of middle and senior management with his blunt exposition of their errors, while failing to rally his boardroom colleagues to his cause.

Perot joined the motor compa

A frustrated Mr Perot was eased off the board, and GM deferred many fundamental reforms until its non-executive directors staged a more subtle boardroom revolt.

Personal qualities apart, many top businessmen say it is hard to judge Mr Perot's candidacy until he starts giving a clear idea of where he stands on policy. "All he's done so far is make some general statements it is hard to disagree with," one chairman points

None of this is likely to worry the iconoclastic Perot, who often makes clear his contempt for corporate bureau-crats and chief executives with their blow-dried hair, their \$3,000 suits and their 23-year old trophy wives". Last week he dismissed US big business as part of the establishment and said that the future lay with small business which, he said, was at the moment being starved of credit.

Anecdotal evidence suggests that small business views Mr Perot as a role model and enthusiastically supports his candidacy.
Mr Todd Mason, author of an

unauthorised biography of Mr Perot, points out that he has frequently timed important events in his life - marriage, the founding of EDS, its sale - to occur on his birthday,

It is conceivable he will use the occasion, now only about two weeks away, to announce his formal candidacy. However, if he does, not many top businessmen are likely to send con-

### Venezuela pledge on Brady accord

transactions in the realm of extraordinary events". Fujimori cracks down on guerrillas PRESIDENT Alberto Fujimori of Peru has announced a series of tough measures aimed at

Pérez: struggling to cover deficit

By Joe Mann in Caracas

VENEZUELA says it intends to seek new financing terms for about \$769m of external government debt not included in a general debt restructuring agreement signed in 1990, but is not seeking to renegotiate the accord. This week's announcement by Mr Pedro Rosas, finance minister, came after Venezuelan newspapers quoted a congressman and other figures as saying that the government should consider renegotiating its \$19.8bn of restructured debt. Mr Rosas denied that the government intended to rene-

The government, facing a large fiscal deficit this year, plans to reschedule about 50bn bolivars (\$769m at the current exchange rate) in non-restructured foreign government debt, scheduled to mature this year and next year.

credits and commercial paper to finance military purchases, Mr Rosas said. Some internal government debt will also be refinanced. The minister added that interest payments were being made "normally" on both restructured and non-restrucgotiate the debt rescheduled in

the 1990 Brady accord, which con- Andrés Pérez, immersed in a political swaps in 1991.

sists principally of marketable bonds. crisis since a coup attempt in February, is struggling to cover a large fiscal deficit caused mainly by weak prices for its main export, petroleum.

The government, however, still has a strong reserve position. International monetary reserves in mid-May stood at. more than \$13bn, about the same as at The debt comprised mostly supplier the end of 1991. According to official figures, Vene-

zuela's total external public debt stood at \$26.8bn at end-1991, up slightly on the year. Interest and principal payments on external debt last year totalled about \$2.2bn. The government also allotted \$646.5m to debt repur-The government of President Carlos chases and \$329.8m for debt-equity

### BT told to cut prices or face monopolies probe

By Hugo Dixon

BT, the telecommunications group, was told yesterday to accept a tough new regime for controlling its prices or face investigation by the Monopolies and Mergers Commission. Oftel, the telecommunica-

tions regulator, proposed that BT should be forced to cut the average level of its prices by 7.5 percentage points below the rate of inflation, compared with 6.25 at presen

Given the current level of inflation at 4.3 per cent, this would mean that many customers would receive cuts in their phone bills.

In order to help small customers, connection charges would be cut to £99 from the present £152.75 and a more generous scheme would be introduced for those who use the phone infrequently. BT, which also wanted to increase line rental charges by 8 points more than inflation annually, would only be allowed to In making its proposals,

THE TREASURY may be

called on to settle a dispute

between regulators following

the publication by the Office of Fair Trading (OFT) of two

reports which criticise the reg-

The reports found that there were "market failures" in

financial services, due to pub-lic ignorance and the commis-

One report said: "A commis-

sion-based remuneration sys-

tem poses substantial conflicts

of interest for intermediaries

and can have a deleterious

effect on the type of product a

consumer is advised to buy,

sions paid to intermediaries.

ulation of retail investments.

By John Authors

benefits of price cuts, it also wants to help the company's rivals compete against it.

The overall package, which is harsher on BT than expected, is the last testament of Sir Bryan Carsberg before he leaves his post as director general of Oftel at the end of this week to head the Office of Fair

The proposals have been strongly influenced by widespread criticism that BT's prof-- £3.07bn in the last financial year - are excessive and that residential customers have received a poor deal since the company was privatised in 1984. Even so, business customers would still be the main beneficiaries of the regime, seeing their bills fall by about 10 percentage points below inflation each year.

The average residential cus-tomer would receive a 3 per cent cut in real terms. The tougher regime, which ted by Oftel to cut BT's profit-

**Investment regulators set to clash** 

and for independent financial

advisers, also on the company

from which that product is

It also criticised the scope of

retail regulation, and the fact

that building societies, unlike

insurance and other invest-

ment products, are not regu-

lated under the Financial Ser-

if the OFT accepts the

reports, Sir Gordon Borrie,

Director General of Fair Trad-

ing, would be brought into

direct conflict with the Securi-

ties and investments Board.

which regulates most of the

financial services industry. Mr Norman Lamont, chancellor of

the exchequer, would make a in the OFT reports.

Oftel is seeking to ensure that ability — as measured by residential customers share the return on capital employed from about 22 per cent in the last financial year to 16.5-18.5 per cent over four years.

BT said the proposals were "harsher than we expected and issues which will take time for us to evaluate". Privately, executives are accusing Oftel of gross interference in its

User groups welcomed the regime but said BT should also have been forced to hand back "excess profits" to customers by making a one-off cut in

BT has been given two weeks to respond. If it refuses to accept the regime, it will be referred to the Monopolies and Mergers Commission, which could impose a solution.

Mercury, BT's main rival, welcomed the proposals, say-ing they would allow it to compete more effectively. In the City, BT's shares fell

final decision. The OFT

stressed the reports were

aimed at "stimulating discus

sion" and did not commit the

office to the recommendations.

month that it had decided not

advisers to reveal the commis-

sions they received from

investment companies in cash

terms at point of sale. It also allowed life companies to quote

illustrations for potential buy-

ers on the assumption that

their costs were in line with

the industry average - even if

their expenses were in fact

Both decisions were attacked

much higher

The SIB announced last

#### Four guilty in insider dealing case

By Raymond Hughes, Law Courts Correspondent

BRITAIN'S biggest insider dealing prosecution ended yes terday with the conviction of four former employees of finan ley in London.

Sentencing the four. Judge Laughland condemned the "web of illegality" which prompted the trial and a gov-ernment investigation which is understood to have cost about

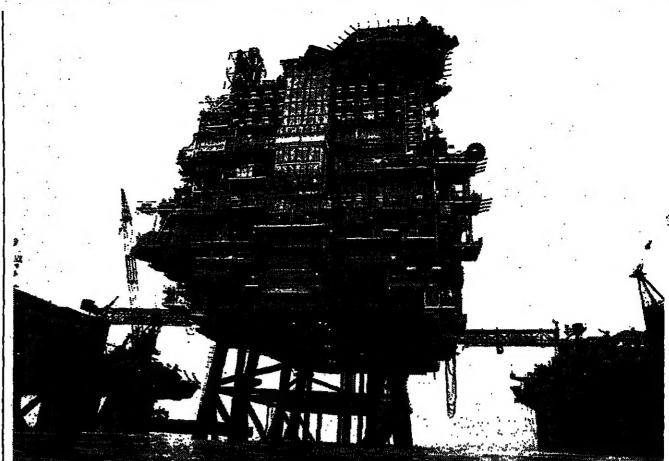
Mr David Gray, former stock broker with Morgan Grenfell Securities, was given concurrent six months prison sentences, suspended for two years, and fined £5,000, on each of two convictions of dealing using price sensitive informa tion. He was conditionally dis charged for 12 months on each of five charges of communicating information, to four of which he had pleaded guilty. He was ordered to pay £10,000 towards prosecution costs. Mr William Liggins, a former

Lazards fund manager, was fined £5,000 on a dealing charge, conditionally dis-charged for 12 months on a communicating charge and

ordered to pay £5,000 costs.
Miss Catherine Rowlands, formerly in the corporate finance department at Samuel Montagu, was given a 12month conditional discharge for a communicating offence

and ordered to pay £2,000 costs. Mr Mark Riding, former fund manager with the Co-operative Insurance Society, convicted on two dealing charges, was fined £10,000, with £5,000 costs.

The offences related to take over bids in 1988 when Hawthorn Leslie Group, the USM-quoted cellular phone company, acquired ECT Cellu-lar and London Car Telemes, and Goodman Fielder Wattle, an Australian company, made a bid, which lapsed, for Rank Hovis McDougall, UK foods group.



Rigs to riches: petrol prices are set to reach a record as Esso and Shell today add 4.5p to the price of a gallon. Their new benchmark price of 245p for a gallon of 4-star surpasses the high set during the Gulf war. BP Oil, Mobil and Texaco are considering their position. Maximum prices for Esso and Shell petrol will be 245p a gallon for 4-star (53.9p a litre), 225p a gallon for unleaded and 234.1p a gallon for superplus unleaded.

BP's Miller Field (above), 160 miles north-east of Aberdeen, began oil production on Monday. Oil production is set to peak at 113,000 barrels a day with gas production scheduled to start next month.

### UK producer prices show lowest rise for five years

THE PRICES of manufactured goods leaving Britain's facto-ries rose by 3.6 per cent in the year to May, the lowest annual rate of increase for five years. The producer prices index, often taken as a measure of core inflation, rose 0.1 per cent on the month compared with a 0.4 per cent monthly rise in April, supporting government hopes that upward pressure on mrices will continue to ease.

Further evidence of the disinflationary momentum in the UK economy came from the rise in the index excluding volatile food, drink and tobacco prices. This rose by 0.2 per cent in May compared with the previous month, bringing the year-on year rate of change to 2.7 per cent, the lowest since June 1967.

been falling steadily — bar a underlying inflationary pres- ward path later in the year. I to price stability," he said.

UK Producer Prices Index

Excluding food, drink & tobacco.

couple of upward monthly blips - since a peak of 6.2 per cent in April 1991. It remained above 4 per cent for the first three months of this year. dropping to 3.8 per cent in

ing difficult to squash. The prices of raw materials and fuels used by manufactur-

ing industry rose a seasonally

adjusted 0.1 per cent last Non-seasonally adjusted input prices fell by 0.1 per cent on the month and by 0.9 per cent compared with the same month a year ago, reflecting depressed commodity prices.

The Treasury said the fig-ures provided further evidence that underlying inflationary pressures were weak. "We are on course to mee the Budget forecast that output

price inflation excluding food drink and tobacco will fall to 2 per cent in the final quarter of 1992," said the Treasury. On Friday, the retail prices index - the headline inflation figure - is expected to show a

Interest rates may fall below German levels PROFESSOR Mervyn King, the

Bank of England chief economist, yesterday suggested members of the European exchange rate mechanism could bring interest rates below German levels, writes Peter Norman.

In remarks bound to fuel hopes of further cuts in UK 🗘 hase rates, he said: "There is no reason to suppose that D-mark interest rates necessarily represent the floor for short-term interest rates."

Giving a lecture in Rome Prof King said it was a mis-take to blame Germany for high interest rates in Europe Other EMS countries had maintained unchanged parlties against the D-mark after German unification. "Monetary constraints on countries other than Germany have, therefore, largely been self-imposed in order to increase slight rise from April's 4.3 per credibility in the long-term

#### MONTEOISON

#### Notice of a General Meeting of Shareholders

be held at Foro Buonaparte 31, Milan on June 25, 1992 at 10.30 A.M. (first call), and if needed, on June 26, 1992 (second call), same time and place, in order to discuss and vote upon the following items on the agenda:

- 1- Reports by the Board of Directors and Statutory Auditors on the financial year 1991; 2- Accounts for the financial year 1991;
- Election of Directors:
- 4- Election of Statutory Auditors and determination of their compensation; 5- Resolutions relating to and required by the above items.

At the General Meeting, moreover, the consolidated Financial Statements at December 31, 1991 will be presented. Shareholders are entitled to attend the General Meeting if, at least five days prior to the General Meeting (excluding from the computation the day of the General Meeting), they have deposited their share certificates at the Company's registered office or at one of the following financial institutions:

Monte Titoli (for certificates deposited with the same), Credito Italiano, Banca Commerciale Italiana, Banco di Roma, Banca Nazionale del Lavoro, Banco di Napoli, Banco di Sicilia, Istituto Bancario San Paolo di Torino, Monte dei Paschi di Siena, Banco Ambrosiano Venero, Banca Fideuram, Banca Mercantile Italiana, Banca Nazionale dell'Agricolturu, Banca Popolare di Bergamo, Banca Popolare di Milano, Banca Popolare di Novara, Banca Provinciale Lombarda, Banca Toscana, Banco di Santo Spirito - Gruppo Cassa di Risparmio di Roma, Banco Lariano, Cassa di Risparmio delle Provincie Lombarde, Cassa di Risparmio delle Provincie Lombarde, Cassa di Risparmio di Torino, Credito Commerciale, Credito Romagnolo, Credito Varesino.

Abroad (by appointment of Italian banks according to the law): In Switzerland:

Société de Banque Suisse - Basel and Zurich, Crédit Suisse - Zurich, Union de Banques Suisses - Zurich, Hentsch & C.ie - Geneva, Banca della Svizzera Italiana - Lugano, Banco di Roma per la

Banque Nationale de Paris, Crédit Lyonnais, Banque Indosuez, Banque Louis Dreyfus - Paris.

Hambros Bank Ltd., Morgan Guaranty Trust Co. - London.

Banque Bruxelles Lambert, Kredietbank, Générale Bank - Brussels - Kredietbank S.A. - Luxembourgeoise Luxembourg.

THE COMPANY'S FINANCIAL STATEMENTS TO BE APPROVED AT THE MEETING ARE AVAILABLE, UPON REQUEST, FROM THE FOLLOWING LOCATIONS:

in Germany: Deutsche Bank, Dresdner Bank, Berliner Handels- und Frankfurter Bank - Frankfurt am Main. In The Netherlands:

Attention Mr. G.C. Scaranelli (tel. 2.6270.5061)
MONTEDISON USA INC., III4 Avenue of Americas, New York, N.Y. 10036 (U.S.A.)
Attention Ms. B. Alessio (tel. 212.997.7000)

Amsterdam Rotterdam Bank N.V. - Amsterdam and Rotterdam in the U.S.A.: Citibank N.A., Morgan Guaranty Trust Co. - New York.

MONTEDISON S.p.A., Foro Buonaparte 31, 20121 Milano (Italy)

(a) Shareholders wishing to attend

PROCEDURES TO BE FOLLOWED BY FOREIGN SHAREHOLDERS:

On behalf of the Board of Directors

Giuseppe Garofano

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or Nick Whipp. Grimley JR Eve 9 St. James's Square, Manchester, M2 6DN, United Kingdom. Telephone: 061-834 7187.



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must request in writing or by telex that the bank where their shares are deposited issue an admission ticket, if that bank is one of Montedison's above-listed depositary banks; if the bank where their shares are deposited is not one of Montedison's depositary banks, they must request that bank to contact one of the depositary banks so that an admission ticket can be issued. All admission tickets must be issued at least five days before the General Meeting. (b) Shareholders wishing to vote by proxy may appoint a proxy only after depositing their shares and receiving the admission ticket in accordance with the procedures described in (a), above. Proxies are to be in writing and cannot be issued to: banks, members of the Board of Directors, Statutory Auditors and employees of Montedison and its subsidiaries. Please Note: Shareholders may contact the foreign branches of the above-listed Italian depositary banks to expedite MONTEDISON S.p.A. - Registered Office in Milan at Foro Buonaparte, 31 Share Capital Lit. 2,916,757,629,000 fully paid in Court of Milan Register of Companies no. 310653/7795/3 Tax identification no. 05114510158

# Industry Initiatives for Environmental Conservation



Few challenges are more pressing than the current problems found in the environment. These challenges place all of us at a crossroad. The question that all of us must confront is how we will solve these problems and by what means. It is a chance for all of us to work together to save our shared home.

Conserving the global environment is not only part of our corporate philosophy, but, we also see it as our responsibility as members of the global community.

The time has come for a united effort to preserve the environment for the future. The London symposium, which is a part of "MAZDA Environmental Action," represents a chance to secure our collective future.

MAZDA is honoured to provide a forum through which environmental issues can be discussed by a panel of experts.

#### LONDON SYMPOSIUM

THEME: INDUSTRY INITIATIVES FOR ENVIRONMENTAL CONSERVATION
HELD BY: THE FINANCIAL TIMES AND THE CONSERVATION FOUNDATION
IN PARTNERSHIP WITH: MAZDA MOTOR CORPORATION
DATE: JUNE 30, 1992

TIME: 12:00 - 5:30

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LOCATION: QUEEN ELIZABETH II CONFERENCE CENTRE INTERVIEWS/SPEECHES: BRITISH GOVERNMENT REPRESENTAT

EUROPEAN GOVERNMENT REPRESENTATIVE

EYNOTE SPEAKERS:

PROFESSOR DAVID BELLAMY
(DIRECTOR - CONSERVATION FOUNDATION)
DR (ESTER R PROMA)

(President - Worldwatch Institute)

PANELISTS: DR. I

(DIRECTOR, DIVISION OF ECOLOGICAL SCIENCES UNESC

Mr. Michinori Yamanouchi (Senior Managing Director - Mazda)

CI REPRESENTATIVE

(OTHER SPEAKERS WILL JOIN THE PANEL DISCUSSION)

THERE WILL BE A RECEPTION HELD FOR THE SPEAKERS AND AUDIENCE AFTER THE SYMPOSIUM



### MGN pensioners attack City firms

TWO City firms should have suspected in the year before Robert Maxwell's death that they were aiding in the disap-pearance of securities under their control, according to a

High Court writ.
In spite of that, the writ alleges, the firms failed to inform either pension fund trustees or regulators about these matters. In the interim. the securities were used as collateral for loans to Maxwell's private interests. The writ, filed last week, seeks £88m (\$160m) from the fund managers as well as from Lehman Brothers and Crédit Suisse, two investment banks which received the securities allegedly stolen from the MGN pen-

The writ, from the present trustees of the Mirror Group Newspapers pension scheme, alleges that Invesco MIM and Capel-Cure Myers (CCM), failed to alert either pension fund trustees or regulators. Instead, they sought assurances from the people who gave the instructions that their activities were proper, the writ says. The two fund managers were

allegedly told to hand over the pension scheme's shares portfolios to two other Maxwell-responsibility or the securities owned fund managers to be used for what was described as stock lending. The writs allege the fund managers acted on instructions from people with no authority.

The document claims that. as early as October 18 1990, MIM must have had suspicions about the stock lending it was being asked to undertake because it wrote to London and

while they were in LBI's care. The writ says that, on Octo-

ber 26, MIM's suspicions should have been further aroused because it learnt that loaned securities, originally made out in favour of Bishops-gate Investment Management (another Maxwell fund manager), had been returned with-out being made out in the name of the borrower, as is the

imate stock lending was not being undertaken by BIM or LBI and that therefore the delivered MIM portfolio was at risk."

On October 8 1990, CCM was allegedly instructed by BIM and LBI to deliver a portfolio of stocks directly to Lehman Brothers. The writ says lowing instructions of all the because conventional stock MGN pension scheme trustees. lending must be conducted The other two firms declined to

"The plaintiff will contend that MIM knew at all material times after October 26 1990 that legitdelivered CCM portfolio to Lehmans was to be used as loan collateral' which was plainly

an improper purpose . . "
Lehman Brothers said it accepted the securities in good faith and intended to contest the writ. Invesco MIM said it believed at all times it was fol-

### Officials delayed inquiry to hear SFO advice

THE appointment of Department of Trade and Industry inspectors was delayed until the Serious Fraud Office (SFO) told officials of the direction its inquiry was tak-ing into the Maxwell affair, it emerged

It was not until two weeks ago - seven months after Mr Robert Maxwell died -that Mr Michael Heseltine, trade and industry secretary, decided the time was right, writes Ralph Atkins.

The decision followed a meeting attended by Mr Heseltine, Mr Vivian Brown, head of the DTT's investigations division, and Mr Neil Hamilton, corporate affairs minister, where they considered a proposal for action prepared by officials.

The proposal said SFO inquiries would

not encompass the extent to which company law may have been breached during the flotation of Mirror Group Newspapers in May 1991. That justified appointing DTI inspectors.

An announcement was delayed to coin-

cide with the Department of Social Secu-rity announcement on Monday of a inde-pendent review of pension law — part of the value of launching an investigation, particularly when political pressure is growing at Westminster, is the impression given of a government acting on as

many fronts as possible.

The DTrs investigations division had been anxious to build its case carefully. Officials were concerned about the cost appointing inspectors can involve mil-

of a wrong decision both for the company and for the DTI's reputation

and for the DIT's reputation.

The official argument until this week —
including under the tenure of Mr Peter Lilley, former trade and industry secretary - was that there was no point in the DTI organising an investigation that might clash with that of the SFO.

DTI officials meet the SFO formally four times a year, but are in closer contact informally. The timing of the appointment of DTI inspectors into the Maxwell affair was - according to insiders - not a question of Mr Heseltine shaking the department into action. The argument being spread around Whitehall yesterday was that it was simply propitious.



#### Creditors of **BCCI** urged to accept deal

Creditors of the collapsed Bank of Credit and Commerce International (BCCI) have been warned by its majority shareholder to accept the pro-visional liquidation plan or risk ending up with nothing. At the second day of a hear-ing in the High Court in Lon-

don to determine whether to ratify the proposal, the gov-erament of Abu Dhabi, which owns more than 70 per cent of BCCI, said that the proposed payout to creditors was "not open to re-negotiation". The eight-person creditors committee has objected to the plan announced by Touche Ross, the accountancy firm, in February, which includes compensation of \$1.7bn to creditors. The hearing is expected to continue at least until Thurs-

### Guarantee for

coal workers

day.

Mr Michael Heseltine, President of the Board of Trade, has guaranteed that British Coal employees will get a stake in its future whatever form of pri-

vatisation is chosen. Addressing the annual con-ference of the Union of Democratic Mineworkers (UDM) he said no final decision had been taken on how to privatise British Coal but expressed sympa-thy for the UDM-led consortium which aims to take a 25 per cent stake in the corpora-

#### Complaints on water industry

Complaints from dissatisfied customers against the monopoly water companies - currently reporting increased profits - more than doubled last year, according to the annual report of Ofwat, the

Britain in brief industry's regulator. The 1991 ance which they set up to ofwar report said there were 10,635 complaints about water Safeway has recently started companies in England and Wales, a jump of 130 per cent on the 4,613 complaints regis-tered the previous year.

#### Libya linked to **AWD** failure

Receivers acting for AWD, the truck manufacturer, have blamed the company's failure on the collapse of a deal to supply 2,000 trucks to Libya.
The Receivers said failure to
complete the deal as a result of Libya not signing a £117m letter of credit was "the straw

#### Warning of transport delay Towns and cities hoping to

which broke the camel's

instal modern tram systems such as the one just opened in Manchester have been told by the Transport Department that their plans will have to

They have been been warned by Mr Roger Freeman, minis-ter for public transport, that the autumn public spending round will contain no money for new schemes to go ahead in the next financial year.

#### **Business faces** auditing penalty

Businesses incurring penalties for failing to file their accounts on time with Companies House will be rapidly referred to a private debt collection agency

if they do not pay. From July 1, companies will be fined up to 25,000 if they do not file accounts within the statutory time period, which is seven months after the end of the financial year for public companies and ten months for private companies.

#### Safeway plans rail network

Safeway, UK grocery retail chain, is planning a pan-Euro-pean rall distribution network with Ahold of the Netherlands and Casino of France. The three companies are partners in the European Retail Alliusing systems operated by Charterail, road-rail distribu-tion company to carry wines and spirits from its bonded warehouse in Harlow, Essex to a new superstore in Bellshill,

escue

#### **Efficiency drive** for Olympics

Manchester is to use a costefficiency scheme known as DBOM - design, build, operate and maintain - as part of its bid for the 2000 Olympics to ensure that new sporting facilities are built at the lowest pos-

Under the DBOM approach to building projects designers and builders get the bulk of their returns from running the facilities over several years, rather than taking larger profits from the construction contracts in the early stages.

#### ICI sets up research fund

Imperial Chemical Industries, the UK's biggest corporate spender on research and devel-opment, is to set up a strategic

research fund to support long-term research projects within the

company.

The fund will start with £5m next year and is likely to rise to 220m a year by 1995. ICT's total expenditure on R&D is about £600m a year.

The creation of the fund reflects concern that, by concentrating exclusively on business-oriented R&D, ICI is missing out on the very long-term research that other international chemical groups carry out in their central labs.

#### Holiday group in liquidation

Aspects of Leisure, a West Yorkshire travel company specialising in school holidays which is reported to have bookings from about 200 schools across the country, has gone into voluntary liquidation.

The Association of British Travel Agents said anyone booked with Aspects of Leisure would be entitled to a full refund.

7.

European fault line splits Tories

"There is a peasants revolt taking place across the continent," he said. "What is more, for every doubter on the backbenches, there is another in the government. Euro-scepticism is the new orthodoxy. As the prime minister flew into the sublimely irrelevant Colombian capital of Bogota yesterday, he left behind him a

party openly plotting rebellion. All eyes are focused on an embattled government or, more specifically, on Mr Doug-las Hurd and Mr John Major, architects and chief advocates of a treaty that now lies on a political fault line through the

Conservative party. But with the party leadership all but frozen by political hurdles at home and abroad. the initiative lies with the opponents of any ratification of the treaty. These are believed to include at least six junior of the long game, must be well

ter was definitive. the social security secretary, and Mr Michael Portillo, the Treasury chief secretary.

Mr Hurd is increasingly characterised as a stooge of Europhile officials, loftly out of touch with sentiments in the party and the country. Douglas made a fundamental error when he argued for ratifica-tion," a colleague said. "At the very least, he could have talked about fine-tuning."

So close to a famous election victory, the Conservative party is a long way from lessing a humiliating rebuke to its lead-ership. But it is now distinctly possible that the opponents of ratification have taken the

Yesterday, an inner circle of backbench MPs met in Westminster to draw up a plan of action to halt the Maastricht bill, now shelved until autumn. Mr Major, ever an advocate

be more than conscious than every twitch of the British body politic, soon to take up the EC presidency, will be being relayed by teams of dinlomats back to the capitals of the UK's European partners.

That is to his advantage. In any future negotiation, he can point over his shoulder to warn his European colleagues that it is not merely the awkward Danes who need to be mollified. Already, some senior Tories are counselling that a British presidency can justifi-ably demand that the Brussels commission devolves powers back to member states.

one of this resolves the UK government's two-tier problem; how to resolve the international impasse and at the same time hold the party together at home. Mr Roy Hattersley, Labour deputy leader, made

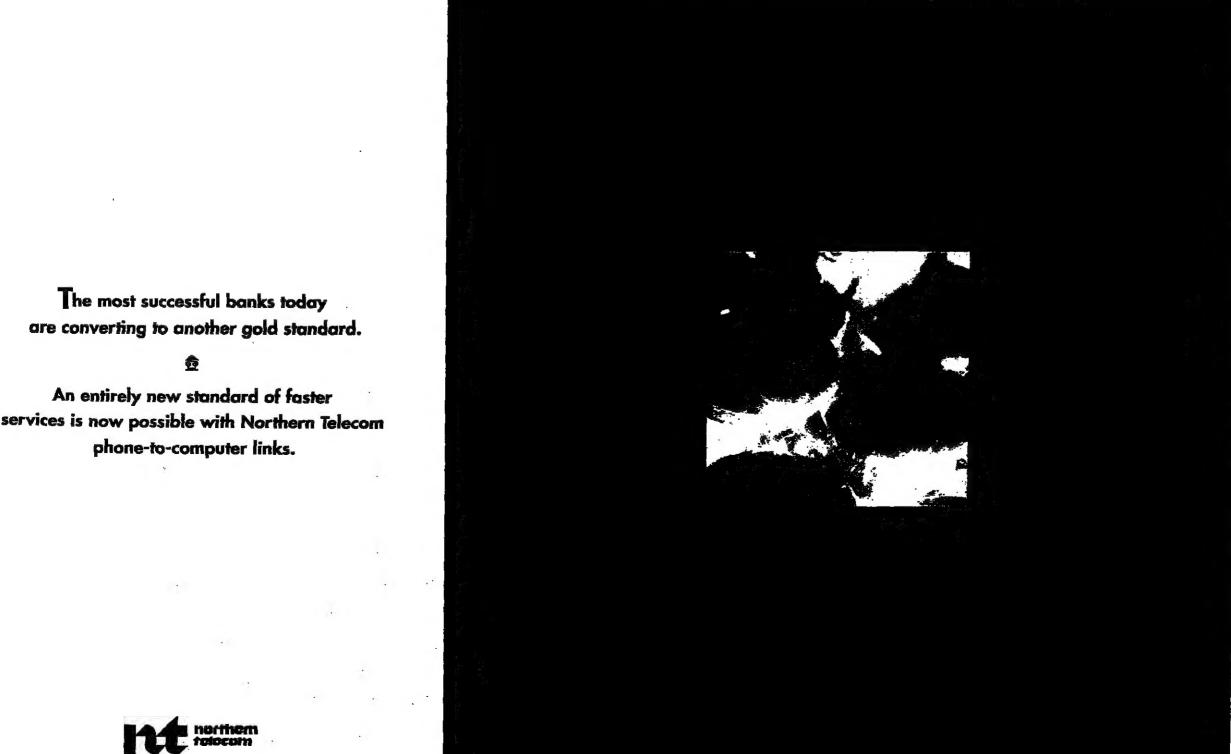
expect no help from its opponents. Labour's price for supporting the government - a British signature to the social chapter of the Maastricht agreement - is unpayable. The view of the tougher Con-

servative Euro-sceptics is that the government must seize on Danish obduracy to insist on a renegotiation of the treaty. More moderate voices recog-nise this may be impossible, but will demand some form of words that impose enforceable checks and balances on the Brussels bureaucrats. With no obvious routes

ahead, the ever-cautious Mr Major may well decide to use his EC presidency simply to pose his quandary to his European colleagues. He may then suggest that they come up with their own alternative solutions as to the way out.



y out. increasingly characterised as being out of touch with his party's sentiments



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Queen's Bench Division (Commercial Court): Mr Justice Hobbouse: January 28 1992

BONDED SUMS obtained by an lucorporated trust fund from banks on the undertaking that money not used in exercise of its corporate powers will be repaid, are repayable only to the extent that they exceed the aggregate of the sums spent by the fund within its powers as set out in its memorandum and articles of association.

Mr Justice Hobbouse so held when giving judgment for the plaintiff, TOSG Trust Fund Ltd, on its claim against the defendant banks, Girozentrale und Bank der Oesterreichischen Sparkassen Aktiengesellschaft and others, for a declaration that it was not liable to repay to the banks bonded sums if, though initially misapplied, they were subsequently properly applied by TOSG in accordance with its powers.

HIS LORDSHIP said that TOSG was a company set up by the Tour Operators Study Group, an association of UK travel and tour operators.

Its primary purpose was to administer bonding arrange-ments made for the protection of its members' customers in the event of failure. Its objects and powers were defined by its memorandum and articles of

In accordance with TOSG purposes a bond was issued by the banks on September 28 1989 in favour of TOSG. The subject matter of the bond was the potential failure of a company called ILG Travel Ltd. a-

The amount of the bond was £63.2m. The banks undertook to pay the bonded sum to TOSG on demand in the event-of ILG Travel's insolvency. In consideration of issue of

the bond, TOSG agreed to undertake to repay the banks "on demand" such part of the "bonded sum" as was not spent by TOSG in execution of its powers as set out in the memotion. On March 8 1991 the of ILG Travel triggered the banks' obligation to pay under the bond. On March 11 £63m was paid by the banks to TOSG under the bond. On March 13 TOSG provided the requisite letter of undertaking.

A problem then arose. The ILG group included other associated companies which were not TOSG members. They were affected by the group's col-

Believing it was entitled to do so, TOSG made payments for the benefit of the non-members' customers. The banks protested that those payments were not within TOSG's powers. They claimed an injunction to restrain TOSG from spending the bonded sum other than in connection with cus-tomers of ILG Travel.

Judge Dismond sitting as a deputy High Court judge held that TOSG was entitled to make payments in respect of non-members' customers. The banks appealed. The Court of Appeal said TOSG was not entitled to make such payments (FT, February 5 1992). TOSG had paid £10m outside

its powers (ultra vires) and, because the banks were saying that sum should be repaid, it was left with only £40m to apply within its powers (intra vires) for customers of ILG

Since TOSG did not have funds apart from those paid under bonds, it was not in a position to repay the banks save out of the funds received

from the banks. A body called Air Travel Trust (ATT), established by the secretary of state for transport to provide back-up to meet claims arising from the failure of tour operators, had made loans to TOSG, and had given a conditional undertaking which, subject to the present dispute, should also enable TOSG to reinstate the sums

expended ultra vires. On February 11 1992 the banks formally demanded repayment of the £10m. TOSG refused. On February 18 it issued the present proceedings raising the question, inter alia, whether on the true construction of the undertaking it was liable to repay sums applied ultra vires if reimbursed to TOSG (whether by ATT or any other person) and then prop-

TOSG asked the court to declare it was not under any

such liability. The banks counterclaimed a declaration that it was. Their argument was that the express words of the letter of undertaking required TOSG to repay the banks on demand such part of the bonded sum as was not spent on intra vires

The figures to which the argument had to be applied were now reasonably crystal-

On the receipts side TOSG had had £63.2m under the bond on which it had earned £3.94m interest, making a total £67.14m. From ATT it had received £10.1m, partly by way of loan. On the payments side intra vires payments totalling £51.4m had been made. Other payments totalled £11.1m.

Accordingly at present TOSG had a reserve of £14.7m. It estimated that there were about a further £16m intra vires claims

If TOSG was not required to repay the banks it would be with ATT's assistance, to pay the ILG Travel customers claims in full.

TOSG submitted that it should be allowed to make the intra vires payments in full. The banks submitted that it should not, but should repay the £10m paid ultra vires prior to the provision of further

funds by ATT. The relationship between TOSG and the banks was simply one of debtor and creditor. The bond gave rise to an obligation on the banks' part

to pay a sum to TOSG on a certain contingency occurring. The letter of undertaking imposed on TOSG an indepen dent obligation to pay a sum to the banks on a certain contin gency. The contingency if it occurred created a liability in debt of TOSG to the banks. The question of construction

of the letter of undertaking was one of identifying the contingency on which creation of the debt stood. The "bonded sum" was an

amount of money, not a fund in which the banks had reserved any proprietary right

Therefore one could substitute for "bonded sum" the words 263.2m. If TOSG could demonstrate it had spent 563.2m in performance and exetion, it was not liable to repay anything to the banks. The contingency had not occurred.

The Court of Appeal judgment was not concerned with the present questions, It was by TOSG that it could avoid liability to repay by proving it would have been possible to have spent on intra vires functions money which it had in fact spent on ultra vires functions. On that argument it could not escape the express words of the undertaking. It could not show that it had spent the money on intra vires functions. Rejection of the con-

tention was inevitable. On the facts now before the court TOSG was in a position to show that, subject to a small margin, the sum spent by TOSG on intra vires functions would fully absorb the sum paid by the banks together

with accrued interest. When the matter was before the Court of Appeal TOSG was not in a position to show that, and had to accept for the purposes of those proceedings that the sums properly expended would inevitably fall short of the sum received by some

The banks' present argument was that as soon as TOSG spent money ultra vires an automatic liability accrued to make an equivalent payment

That argument depended on some idea of an earmarked fund. There was not any fund having that character.

In reality and in law the effect of the letter of undertaking was that when TOSG came to state what it had spent, it could not bring into account any ultra vires expenditure. It could only bring into account intra vires expenditure that it had in fact made. Before the Court of Appeal TOSG's arguments were bound to fail. Before the present court they

On the true construction of the letter of undertaking TOSG was liable to repay only the amount by which the bonded sum exceeded the aggregate of the intra vires payments.

For TOSG: Alan Steinfield QC and Christopher Moger

(Norton Rose). For the banks: Jeremy Cooke QC and George Leggatt (Clif-

Rachel Davies

#### Cementing new ties

David Lovett is quitting the US operations of Latarge Coppée, the French company which is the world's second largest cement manufacturer, to join an arch rival, Blue Circle of

As the new president and chief executive of Blue Circle's US operation, Lovett, 50, replaces Keith Orrell-Jones who will shortly return to London as group managing director of Blue Circle Industries.

Blue Circle's US profits have slumped from £35.9m in 1987 to £11.5m last year, so Lovett will not be short of a challenge. It was poor performance that prompted the arrival of Orrell-Jones two years ago: the company credits him with introducing a stringent cost-cutting programme which it claims has at least lessened the effects of deep recession.

A Canadian, Lovett has spent the last 23 years with Lafarge, mostly in Canada. Three years ago he moved to Lafarge Corporation's head-quarters in Reston, Virginia, as president of the construction materials group, reporting directly to Lafarge's boss, Robert Mnrdoch Blue Circle, Lafarge and a

small number of other European cement companies have expanded aggressively into the US and now account for around half of America's cement production.

Blue Circle, whose concrete product operations are based mainly along the eastern sea-



oard, is headquartered in Atlanta, Georgia.

Sir John Banham, outgoing director general of the Confederation of British Industry, is to become a non-executive director of National Westminster Bank from July 1. Sir John, who leaves the CBI at

the end of this month, is to chair the proposed new Local Government Commission, He will also take up non-executive directorships at National Power and Tarmac from the beginning of July. In 1983, Sir John was appointed

Controller of the Audit Comgeneral of the CBI in 1987.

■ lan Ramsay has been appointed md of CPC(UK)Ltd. He is currently operations

■ Thomas Sneddon becomes a main board director, and general manager of Caldwells Paper Mill at INVERESK. He joins from Tullis Russell where he was sales and marketing director.

■ Tony Carss has been appointed group finance director of CAMPBELL & ARMSTRONG, and will take over when Mark Hesketh finishes his secondment and returns to Kingston Oil and Gas where he is group finance

Alastair Robertson joins SAFEWAY in the newly created position of head of

■ Ray Pettitt, 55, who is retiring after ten very active years at the helm of Minet, the international insurance broker, may firmly dismiss any future role at the troubled Lloyd's insur-

But he could be a useful man to have around at Lime Street with rebel Names. Minet Holdings became ensuared by scan-dal in the early 1980s, when executives from the group's then subsidiary, the PCW man aging agency, were accused of siphoning off cash belonging to Lloyd's Names. Pettitt, who had spent much of his working life in Nairobi building up Minet's African subsidiaries was drafted in to clean up the

research and development within the quality assurance division. He comes from the Campden Food and Drink Research Association.

■ Roy Fewster is promoted to the new position of operations director at HARVEY PLANT.

■ John Alexander becomes sales director, special markets at HERTZ Europe. ■ Patrick O'Neill and Mark Ross have been appointed directors of H.CLARKSON and Company Limited Mike Ball and Alan Rand are divisional directors.

■ Stephen Gutteridge is the new commercial director of SEEBOARD. He joins in August from Amerada Hess

> corporate finance experience which could come in handy for a market seeking to attract "corporate capital". In 1988 he was involved in negotiations which ended in the sale of Minet to its current owners. The St Paul Companies, a Minnesota-based insurance company - the first time any Lloyd's broker has been sold to

Minet is looking to the younger generation for a eplacement. Peter Christie. 45 is a specialist in liability insurance. Christie has been with Minet since 1968. He was appointed group managing director and chief operating officer in June last year. Pettitt will continue in his role of nonexecutive chairman until the

#### **Barclays Life reflects**



On the principle that clearing bank managers and smoothtalking life insurance salesmen never mix well, Barclays has decided to hire a thoughtful consultant, Jeremy Goford, as managing director of its fastgrowing Barclays Life opera-

Goford, 46, has been poached from Tillinghast, one of the largest life and general insurance consultancy firms in Europe, where he was vice-president Having trained as an actuary with Equity and Law, he joined Mike Tuohy and Chris Smart in 1973 to establish Tillinghast's London office. Apart from two years as Skandia Life's finance director Goford has spent most of his career with Tillinghast. A member of the Council of

The Institute of Actuaries,

contribution is a paper on "The Control Cycle ~ the financial control of a life assurance company" which has become a ref erence document for actuaries. He has spent a considerable time measuring insurance products' profitability.

Barclays has been slower than some rivals, particularly Lloyds Bank, to break into the lucrative life insurance mar ket. Unlike Lloyds, which acquired Abbey Life, Barclays decided to build its own life operation partly because it felt that by growing its own operation there was less chance of it alienating the managers of its 2,500 high street branches, its main sales outlets.

"One of the fears of bank managers is what happens when a life insurance salesman gets hold of their customers' says Goford. He intends to address these fears by focusing more closely on what custom ers need rather than what they can be sold. Given his experi ence as a consultant rather than a salesman, he believes that he can make the job of marketing life insurance "less intrusive".

Last year, Barclays Life increased its sales by 18 per cent. With 1,500 representatives in the field and assets of £1.5bn, it is already one of the bigger insurance companies

Goford takes over from John Little, who has been doing the job on a temporary basis and who will remain a director of

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Something we're emphatically not doing on the rail journey from Madrid.



British Steel: British mettle

According to Barry Woolf, an expert in anti-social behaviour at work, the first mistake is to confuse difficult people with difficult behaviour. Genuinely difficult people are apparently rare, while nearly every one is capable of behaving in a diffi-

Quoting recent US research, he says that only 6 per cent of people suffer from the "real jerk syndrome". The other 94 per cent "just want to get along". Treated prop-

erly, they should pose no problems. The whole question is subjective, Woolf told a packed conference organised by IIR Seminar Centre. Everyone is likely to object to behaviour that is the opposite of their own. If you are very efficient, it may be hard to work with some one who is in a permanent muddle and cannot get anything done. They may find your neat lists and schedules equally maddening.

The aim, says Woolf (whose modulated voice and unruffleable behaviour might annoy some peo-ple), is not to change the "difficult people", but to change the way they behave towards us and the way we respond to them. We must be more flexible and more tolerant. We must understand and be able to predict the sort of things that are likely to get on our nerves.

The idea is to defuse conflict before it arises. Woolf suggests "pacing" the difficult person, which means copying their body language

### How to stay in control when your staff is revolting

Lucy Kellaway offers managers a practical guide to coping with difficult colleagues



and even breathing at the same rate, to create the impression of harmony and agreement. However, there is a danger that your colleague may notice you are breathing in an unnatural way and scratching you head each time they scratch theirs: that would surely spoil everything.

In most situations, it is going to take more than rhythmic breathing to sort out the problem. Never mind talk about subjectivity, many sorts of behaviour are plain difficult.



whichever way you look at it. Some of the most common are: · Exploders, who blow up over

trivial details. Wet blankets, who contribute nothing, then say: "I told you so". Moaners who complain constantly.

Gossip-mongers who spread

rumours. Backsliders who always say that it's not their fault. Stubborn people who will only



What makes this sort of behav-iour difficult is that it provokes a response in you: you snap back in anger, work yourself up into a private rage, or say something you regret later. The ideal is to recognise the hook and refuse to respond. Say to yourself: "I am not going to let this get on my nerves".

But sometimes, the behaviour is so obstreperous that something needs to be done. A talk may be a good idea, but according to Woolf, this needs to be handled with great



care. He suggests you should: · Listen to what is being said. • Humour colleagues. Acknowledge what they have to say. Replay the offending event or

behaviour to them. • Tell them what you feel about it, and note the unfortunate conseuences of their behaviour. Explain the changes in a firm, non-challenging way, offering as carrots any pos-itive benefits to the organisation. Woolf's advice may be good,



person is already pretty reasonable. Really difficult people are likely to go into orbit if they suspect you are humouring them. Behaving like a saint may help in some cases. Of more practical assistance are his crisis measures to deal with particularly nasty behaviour.

· Let colleagues vent their anger, but try not to take it personally. Separate the emotion from what

you may be on the way to cracking

• Stand up for yourself: explain the benefits of your point of view, and express your disagreement in factual terms. Above all, make sure you have your facts right.

Allow them to save face.

If all this fails, get help.

BLAMERS AND MOANERS If someone is seeking to avoid blame, you should: · Make sure that the facts are in the open and point them out.

 Don't sympathise and, above all if they are trying to blame you. don't rise to it. If colleagues complain constantly,

you should: Make a list of the complaints. and present it to them. • Discuss the matter with them surrounded by positive people. Ask: "What are you going to do

to fix the problem?"

PROCRASTINATORS Set a system or diary, and make sure they know what they are sup-posed to be doing and by when. · Be supportive of their efforts. · Follow up, keeping close tabs:

These stereotypes may be of no help with your difficult people. In general, Woolf recommends a sixstep written Master Plan that will deal with everyone. It involves writing down:

 Details of your difficult people and their particularly annoying characteristics. • Why you are vulnerable to them.

 What specifically the person does to trap you

 Your typical response. A plan to deal with the problem.

and a list of expected advantages. Later, monitor your progress. If you can make this list without getting into a fury at the very thought of your difficult person,

esistance from middle man-Ragers is usually considered the biggest obstacle to the sort of organisational and culture change which most western companies are trying to implement. Yet in Britain, resistance to change among senior executives is soaring to such an extent that top manag-

ers now claim it is becoming almost as serious a barrier. Not only that, but top managers say that resistance from their own board colleagues, albeit less intense than from middle or senior managers, has become a greater problem than epposition from junior managers or even from trade unions. Some organisations are now suffer-

These are the findings of a survey about Managing Change in the 1990s\* among 475 top and senior

ing from a "siege" mentality among

Christopher Lorenz says that senior executives are becoming resistant to altering the way they work

### Top bosses find change is as good as a pest

organisations, in both the private and public sectors.

As the second survey of its kind in two years by the same consultancy, People In Business, the results provide a useful gauge of the changing temperature at various organisational levels.

The survey is not an objective test, since it measures the perceptions of top managers - 91 per cent of the sample were directors. But it does shed light on how managerial attitudes tend to shift, both as change programmes get under way for the first time - as in many

executives in 364 large British public sector organisations at present - and as executives start to be more affected by established change programmes than they had

The study does not demonstrate conclusively whether changes in resistance are associated directly with job insecurity, but its authors say that part of the increased resistance is from managers whose departments are under threat.

In terms of strict ranking, resistance from middle managers is still seen as Obstacle No 1 by the survey's respondents: it was cited by

lem. As the study says, recalcitrant middle managers act as a "refrac-tive layer", "blocking, distorting or bending communication about change". Instead of being labelled by their organisations as "villains", these managers need to be integrated with the change process and made comfortable with it, the study argues. They must be "given" the skills to handle their new roles as change leaders, rather than being left to flounder.

If this is true of middle managers, it applies even more to the

ers are themselves fast becoming "a second refractive layer". It ranks resistance from senior managers (one or two levels below the board) as Obstacle No 2; opposition from them was cited by 18 per cent of respondents, up from only 12 per cent in 1990. Resistance from top management, at 11 per cent (up from 8 per cent) has overtaken resistance from trade unions, at 10 per cent (down from 12 per cent). Perceived resistance from junior managers is up slightly from 6 to 8 per cent, while opposition from

When the responses are broken down between the private and public sectors, the implications of the survey become even more intriguing. The perceived surge in resistance among senior managers stemmed entirely from the private sector (where it was cited by 20 per cent of respondents, up from 13 per cent in 1990), with the public sector perception of it stable at 8 per cent. Yet the surge in reported "top" management resistance was entirely in the public sector (up from nil to 11 per cent), with pri-

vate sector perception of it stable

at the previous survey's level of 11

Paul Lloyd, one of the study's authors, says the odd-looking pub-lic sector figures may be explicable in terms of time lapse. Most public sector organisations are at an earlier stage in the management change process than the private sector, he says. As a result, top management resistance is only now catching up with private sector levels. As for the relative lack of resistance below board level, Lloyd suggest that this is either because change has not yet become an issue between top managers and those immediately beneath them, or because there is a greater sense of fear in the public sector, so that senior managers "will jump when

\*E55. People in Business. Tel 071

#### **BUSINESS AND THE ENVIRONMENT**

ast month, three US utility companies bravely waded into a national experiment to use market principles for environmental ends.

In the first public deal to trade permits to pollute, the Wisconsin Power & Light Company sold 10,000 allowances to the Tennessee Valley Authority and 15,000-25,000 allowances to Duquesne Light Company in Pittsburgh. Although the deal was widely hailed, it is far from clear whether the overall experiment will work.

The allowances are part of the Clean Air Act of 1990, which requires America's mostly coalburning utilities to halve their emissions of sulphur dioxide, the key ingredient in acid rain, by 2000. Under the act, those companies which exceed compliance with the emissions standard - by installing new, cleaner technology or switching to lower sulphur fuels - can sell their allowances, issued by the Environmental Protection Agency, to those that have not fully complied. In theory, the total national cap on SO<sub>2</sub> emissions will be achieved in the most cost-effective way by trading the rights to pollute among utilities.

Enthusiasm for the scheme even led the RPA administrator, William Reilly, to declare when announcing some of its rules last October: "The acid rain programme could become a model for other EPA programmes

The crux of the issue is that regulators have not spelled out who the consumers or the company's shareholders

 will benefit (or lose) from the scheme

and indeed is causing us to rethink the way we approach environmen-

But, while hopes are high for its success, the results of the first national test of a market solution in the US are not yet in. The initial trade, announced May 12, has helped "break a log jam" on starting the market, according to Richard Sandor, a managing director of Kidder Peabody and the mastermind of the idea that a commodi-

John Henry, founder and president of Clean Air Capital Markets, the small investment banking boutique that acted as broker for the transaction between the Wisconsin Power and the TVA, said his company has been inundated with calls from interested parties.

Yet, even those who believe in the programme say that it will probably Expectations are high for the first public deal to trade pollution permits, but the scheme's long-term future is far from secure, writes Barbara Durr

### A market made out of muck

take until next year to know whether the market will take off or founder. Several impediments may

slow or block its development. The foremost barrier is that the tax and accounting treatment for the allowances has not yet been worked out by the public utility commissions that regulate power companies. This is especially important given that this is a regulatory-

driven market.

The crux of the issue is that regulators have not spelled out who the rate-paying consumers of electricity or the company's shareholders - is to benefit (or lose) from the trading of allowances.

"If all the gains go to rate-payers instead of the shareholders, there will be little incentive to use the market." said Tony Visnesky, chief of the electric policy section of the Illinois Commerce Commission, which oversees utilities. "On the other side, to what extent are ratepayers burdened if the company has to buy allowances?"

If, for example, companies implement new technology the capital costs could be passed on to rate-payers. If they then have excess allowances, it would seem logical that the gain from the sale goes to ratepayers. However, if companies were unsure that they would be able to cover their capital expenditures with higher rates, their shareholders might prefer to buy allowances. These could then be treated as s in the companies' account ing, and the cost possibly passed on to rate-payers with little or no risk

Visnesky believes that some formula for allocating the benefits and risks of the allowances will have to be worked out. Illinois is likely to arrive at a first draft of a policy by mid-summer, he says. The state has more urgency than others to formulate a clear policy. It is a top producer of high-sulphur coal and stands to lose if the market for its coal shrinks substantially.

The only decision so far on the regulatory matters, which will no doubt be scrutinised by others, is being appealed. In the case of Wis-



consin Power, the revenue from the sale of its allowances is set to go entirely to rate-payers, but the utility is asking its regulator to allow some benefit to go to shareholders.
"It will really be the public utility commissions that dictate whether this programme is successful or not," said Thomas Brooks, vice president of Aer\*x, a subsidiary of

Electronic Data Systems which also

aims to broker allowance deals. Aer\*x has considerable experibrokered 80 deals in regional markets for pollution permit trading since it was founded in 1984, according to Brooks. Trading permits in

discrete regional markets have been part of US environmental laws since 1978, though the number of deals has been modest. A second hurdle for the allowances market will be how to heat up

demand. At present, surveys of util-ity companies show that they are tending towards over-compliance with the new standards - mostly by installing new technology to remove SO<sub>2</sub> from flue gas, known as scrubbers, and some through fuel switching. The inclination to overcomply means that there will be extra allowances. Prices, therefore, should be kept pretty low, according to David Baker of the Illinois

Department of Energy and Commerce. "They want to be ahead of the game and not be dependent on the market." he said.

Union Electric of St Louis, Missouri seems to typify some of the attitudes of utilities. "It's a great concept and we hope the market works well," said Jerrel Smith, a UE vice-president. But he explained that the company would "bank" its allowances to cover any unexpected events such as the necessity to reduce electricity generation by its nuclear plant and raise generation at its coal-fired plants.

The desire to hoard allowances stems in part, too, from the way the EPA has structured the emissions reductions. In Phase I, which runs from 1995 to 2000, 110 of the dirtiest plants have been targeted to reduce their emissions. But in Phase II after 2000, a permanent annual cap of 8.9m tonnes of SO<sub>2</sub> has been set. This means that any future requirement to increase power generation by a utility will have to come under the ceiling, boosting either the need for installing clean technology or the demand for allowances.

Allowances may not become hot commodities until the turn of the century. According to polls done by Aer\*x of power companies, public utility commissions, coal producers and pollution equipment vendors. allowance prices are expected to rise after 2000 to about \$600 per tonne (one allowance equals one tonne of SO<sub>2</sub>). This compares with the \$250-\$300 per tonne in the first deal. The BPA's penalty for emit-

ting excess SO2 is \$2,000 per tonne. Of the total 5.7m allowances available annually in Phase I and the 8.9m available yearly in Phase II, 2.8 per cent will be creamed off by the EPA for public auction and direct sales, starting next year. This is aimed at allowing new power companies which have no allocations some access to them. The proceeds of the auctions and sales are to be returned to the utilities.

While the supply and demand in the market might seem based on economics and logic - for example, the allocations per utility were cal-culated on the basis of their emissions between 1985 and 1988 - the process was riddled with politics. A number of companies, for instance, lobbied successfully for extra allotments. They pleaded spe-

cial circumstances such as being in high-growth state like Florida. With all the complications, even some of biggest promoters of the allowances market, such as Henry at Clean Air Capital Markets, are only cautiously optimistic. "We jump-started the market," he says, referring to the first deal. "But it could choke out." If it does, it will be a big setback for those who believe in market solutions to envi-

### Hoisting a new green standard

By Peter Knight

form to the rigours of the new environmental management standard from the British Stan-

dards Institution (BSI). Compliance with the standard, known as BS7750, will indeed signal some form of environmental credibility but, more importantly, it promises to transport companies down a route which could have striking effects on the corporate culture

"Don't do it for publicity," warns Michael Gilbert, the project manager of the BSI's environment initiative. "Using 7750 is like total quality management - you can't go at it half-heartedly. It's about cultural change and if you're not willing to bite the bullet, then forget it."

BS7750 describes the type of management systems and procedures that have to be in place for companies to produce a sound environmental performance. A small number of pioneering companies, such as BP,

some time. The standard was launched in April and is now being tested by 50 companies. It will not become a for- in. We are trying to improve our mal standard for at least a year. The BSI wants it to be consistent with a number of other emerging standards, such as the EC's Eco-Au-

dit regulation and its eco-labelling

have been doing

this privately for

It looks likely that 7750 will be the backbone on which the Interna-tional Organisation for Standardisation (ISO) builds its environmental management standard. The RSI is contributing to a draft interna-tional standard scheduled for com-

pletion in September. BS7750 establishes an Institutionalised system which can be verified by outsiders, in the same way as the closely related quality manage-ment standard, known as BS5750. The BSI's environmental manage-ment standard is significant on both a practical and political level. Its uptake will, for example, indi-cate just how keen business is to

regulate itself. Business leaders, such as those on the Business Council for Sustainable Development and the UK's

ompanies in search of a green badge of approval and Environment, have been arguing strongly for the benefits of selfregulation rather than imposed leg-

islation. Compliance would also send important signals to the market. An increasing number of customers are demanding high environmental performance from their suppliers. Conformance with a recognised environmental management stan-dard, such as 5750, could become a minimum requirement in contracts.

"A lot of companies went for the quality management standard (5750) to get a badge on the wall to satisfy customers. In some sectors, especially waste management, the same will apply to 7750," says Tony Bishop, manager of environmental services at PA Consulting.

The environment standard has been written to appeal to almost any business in any sector. 'The oil industry has had a positive experience with 5750 and we are boping for the same with 7750," says Mike Northover, a member of the health. safety and envi-

ronment manage-ment group at the UK Petroleum Industry Associa-

is the commercial side that our industry is interested operations rather than trying to show that we are more green. But I don't think that any of us will decide to go for it gung-ho until we find out how practical it is," he

Ray Nash, development manager at Beaman Bodyworks Barnstaple, a small Devon company that repairs damaged cars, says compli-ance with the standard will be good for the company's efficiency and

marketing. Beaman was the first business in its sector to comply with 5750. It is keen to conform to 7750 too, although it has decided against being part of the initial pilots.

"One thinks that these standards will cause a lot of bassle but it's not like that at all. We have become more efficient and it takes one person five to 10 hours a week manage 5750. But I must say that if we had not managed to implement 5750 I don't think we would have even begun to understand 7750," says Nash.

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### Bach cantatas

It is a matter of constant concern that not enough people, not even dedicated musiclovers, know about the riches of Bach's cantatas. More than two hundred cantatas, in the accepted numeration! (which is neither chronological nor ordered in any other way, except that the "secular" cantatas are catalogued last.) Though a few of them are patchworks, fragments or single numbers, or dubiously attributed to Bach, such worries are only the business of musicologists.

Stravinsky made the essential point. Asked whether any music ought to count as "basic" in the Western concert-repertoire, he voted for Bach's cantatas. His grounds, I imagine, went something like this: the cantatas exemplify at once - and magisterially the possibilities of Western tonal construction, and the range of (spiritual) musicdrama it affords, but without any narrow attachment either to Viennese symphonism or to Romantic theatre. Those great subsequent traditions may be viewed as historical and special. For all his Lutheran commitments, it was Bach who spelled out the definitive means in a timeless way.

The title of the South Bank series that Sir William Glock has devised for the Orchestra and Chorus of the Age of Enlightenment - Bach: The Colourful Dramatist" - underlines the point, Though Bach's period-pious texts may seem quaint now, their sense is completely rendered in his music; by comparison, some of Mozart's best effects sound like extra-musical thesire.

On Monday the OAE's Queen Elizabeth Hall concert, the fourth in their series of six, ranged from the almost private soprano-meditation "Mein Herze schwimmt in Blut" (Cantata no. 199, delivered with bell-like sweetness by Nancy Argenta) to the grand choral fervour of no. 79, "Gott der Berr ist Soun' und Schild", Even in the latter, rapt interjections by sopranc (Argenta again) and bass (the hugely promising Gerald Finley) supplied a close-up personal dimension. The young German counter-tenor Andreas Scholl - only a decade ago, he was singing one of the Three Boys

agile and subtle. Martyn Hill's tenor contributed stylishly to no. 73, "Herr, wie du willt". Here and there I had mealightened reactions to the "anthentic" playing style: did "period" violins (lively as they were here) so often peck at their music, where mabashedly modern perform-ars sculpt broad lines? What, exactly, is the virtue of renting natural-horn devotees who keep "splitting" on their notes, when they could deliver the music on valve-horns with

cool facility? Still, one mustn't look this period gift-horse in the mouth. It does bear unfamiliar subtleties of balance - and a musical democracy-of-parts that is too often sacrificed now to the fashion for star soloists with faceless accompaniment. The conductor of this concert was René Jacobs: the last two, on June 17 and 23, will be conducted by Barthold Knijken.

David Murray

Television/Christopher Dunkley

### Worrying straws in the wind

here are many straws in the wind. Programmes are now turning up regularly on screen looking as though they have been created specifically to compete in the new market-obsessed contest which is being thrust upon British broadcasters by the 1990 Broadcasting Act. British television is starting to look more and more like American television, not only because there are so many American imports (likely to increase even further as we move towards January 1993 and the new franchises) but because British programme makers are increasingly producing the sort of programmes favoured by American programme makers, and for the same reasons.

Commercial broadcasters are not the only ones. In approaching the renewal of its charter in 1996, while preparing in the shorter term for the examination promised by the new broadcasting minister, David Mellor, the BBC clearly feels under tremendous pressure to scrimp, save and maximise audiences in order to prove itself more market-obsessed than its competitors. Thus we learn that in two weeks time BBC1 will begin an ambulance-chas-ing series called 999 which we are warned will "focus on the real life drama behind every emergency call" and will tall "dramatic stories of real life rescue".

Of course the bravery and selflessness of ambulancemen and lifeboatmen are reasons for celebration, and no doubt there are heartening stories to tell. But this series is pretty clearly inspired by the American series Rescue 911 (the British dial 999 but Americans dial 911) which all too often turns out to be current affairs for ghouls. Last time I watched Rescue 911 the cameras followed one poor soul all the way into casualty where, we were told, he died on the operating table. Perhaps the British version will be less sickeningly intrusive, and, who knows, it may not be especially cheap. But it is hard to avoid the feeling that 999 is another move towards the sort of ratings-led tabloid telly which BBC1 is already seeking to exploit in such suries as Crime Limited.

ITV is doing the same with Michael Win-ner's True Crimes which appear to be modelled closely upon the old Edgar Lustgarten programmes. There has been much comment about the morality of this series. and the Rachel McLean case which was supposed to open the new batch on Saturday was postponed at the behest of the Oxford college attended by the late Miss McLean, the suggestion being that an account of her murder might put the undergraduates off their exams. The notion, much pursued in other newspapers, that Winner ought not to be allowed to "exploit" crime in this way is, presumably, inspired by dislike of his Death Wish vengeance movies.

But Winner's television reconstructions are less exploitive than Shakespeare's in Richard III. Our real objection should be to the amateurish nature of the drama which consists almost entirely of clichés, "At last!" says one character as a document arrives. "It's hot off the press!" says the other, and you can hear the exclamation marks. "His technique was given a baptism of fire in his own back yard" says Winner, mixing his metaphors while stacking his clichés. This stuff is being brought to us by London Weekend, the company previously responsible for Weekend World. Poirot and The South Bank Show.

Similarly worrying signs are coming from Granada. This column has complained in the past that British television drama seems transfixed by period natural-ism - all that documentary realism in steam trains, Players packets, and Oxford bags - and weak on contemporary fantasy. The Americans, somewhat surprisingly, given their traditional strength in modern action drama, have proved themselves greatly superior here, from the 1950s to the present, with series from The Twilight Zone to Quantum Leap.

Now we find Granada, the company which gave us such triumphs of period naturalism as Brideshead Revisited and Jewel In The Crown, attempting to ape the Americans but getting it wrong. Having offered us the very ordinary hospital series

Pittsburgh Symphony Orchestra

musicianahip, with beautifully fashioned wind solos and strings blended and refined into an infinitely malleable whole. The

Pittsburgh suggests none of that, it leaves the impression of being no more than the

sum of its formidable parts, parading a surface glare which wearies the ear on

Whether more humanity would have

smerged under a conductor other than

Lorin Maazel, the Pittsburgh's current

Musical Director, is another matter. Mas-

zel's approach to Mozart and Mahler at

least had the virtue of consistency; both performances - of the E flat Symphony

K.549 and Mahler's Sixth - were hard

driven and glossy, self-consciously expres-

sive, interpretatively embalmed. If Mozart

symphonies are still to be performed by a

modern symphony orchestra perhaps they should go all the way like this, and be

unrelieved exposure.



Tom Bell, Cathy Tyson and Eric Mallet in Angels (Granada)

90-minute drama involving not one but three guardian angels, played by Tom Bell, Cathy Tyson and Eric Mallett, with Alfred Molina and Warren Clarke as two of those on earth who become involved. Unless they were blinded by the starriness of the cast the mystery is how those in charge at Granada ever allowed this to get onto the network in peak hours.

Though billed as a "comedy drama" it was consistently unfunny. Worse, it was long winded, the three strands did not fit well together, and the plot broke all the rules of time travel and celestial visitors. By all accounts this was intended as a pilot for a regular series, but we would be better served if Granada brought us another American series, provided it was as good as the better episodes of, say, Beauty And The Beast.

There is, perhaps, less reason for suspecting that A Stub In The Durk on Channel 4 is inspired by the desire to be ready for more cut throat competition come 1993, though since the channel is going to cease being supported by ITV and instead compete with its old supporter for advertising, we certainly should not be too starry eyed. The depressing thing about this late night Friday series, described as "a topical programme which takes an oblique look at the week's news, serving up anarchic and subversive topical comment in front of a studio audience" is its pathetic safeness.

Had the producers wanted to achieve the sort of delighted shock which greeted That Was The Week 30 years ago they could have done so by attacking today's sacred cows: tunnel vision feminists, loopy greenies, the politically correct apparatchiks of the Aids industry. What did they choose instead? The House of Lords, Mark Thatcher and a book on etiquette which had already received a much fiercer roasting from *Private Eye*. Picking through celebe' dustbins and castigating the owners for not taking bottles to the bottle bank requires less moral courage than explaining to an audience bombarded by green hype that most bottle banking is a total waste of time since the recycling industry can only use a tiny proportion of what is collected, and the business is largely a feel-good charade.

The common factor in all these straws is the expectation of flercer competition for audiences and, in all cases outside the BBC, profits. One more item this week may give an even more vivid hint of things to come. We are told that Sky is planning from early 1993 to encrypt its 24-hour news channel Sky News and its general entertainment channel Sky One and sell them in a package with five other channels (the rock video channel MTV, the American classic movie channel Bravo, the nature and science channel Discovery, the Children's Channel, and the planned UK Network which is being launched by Thames and BBC Enterprises) for 25 a month. Add that to the 217 a month already charged for the movie channels and the £22 a month predicted for soccer and you reach an interesting total of 2528 a year for the satellite services, or just over six times the BBC

For "straws" read "heystacks".

propelled by driving rhythms, shored up by heavily emphasised dynamics and smothered under a thick blanket of string

Certainly Maazel's Mozart seemed like

an endangered species, unable or unwill-ing to adapt to a changed concert environ-

ment, and his Mahler too seemed to belong

to a past age of over-interpretation, when

Mahler's sense of symphonic architecture

could not be allowed to take of care itself

but had to be nudged and prodded along,

with every passing event taken out of its

context and grotesquely magnified. The Pittsburgh played it with great accuracy and tonal weight. It all made for an

uncomfortable experience, not because the nerve-ends of Mahler's emotional journey

were revealed, far from it, but because the parade of musical images was so

Concert/Andrew Clements



Julia Varady and James Morris

Opera/Max Loppert

### Der fliegende Holländer

On Monday a new Dutchmon launched the 21st season of week-long Midland Bank Proms at the Royal Opera House. It went off with a bang: a lively, purposeful staging of an opera which, for all its sanctified position as the first great Wagner music-drama, so often goes dull and purposeless in the theatre. At Covent Garden the full resources of contemporary stage technology are used to "do the piece", not to re-invent it in the high-concept terms that have become fashionable in recent years. (The 1986 Royal Opera production, with its factory sets and bluejeaned Senta, was an unloved and short-lived example of the latter trend.)

The producer and set-designer of this latest London Dutchman, Ian Judge and John Gunter, have gone for specta-cle which modernises the stagecraft of the libretto while leaving its dramatic properties essentially unscathed. A great pivoted wooden platform spins and dips and rears up to serve part and the dockside of the last (the opera is given in singie-act form). Contrasts of local and supernatural, elemental outdoors and cosy indoors, are neatly achieved with the raising and dropping of sails and sea-front facades, the sharp-eyed detail of Deirdre Clancy's costumes, the sudden

blazing or dimming of lights. The production looks at once complex and simple, speciacular and practical. Big effects are swiftly and surely worked up. The drama whizzes along. Mr Judge, director of (among many others) the celebrated ENO Foust, Opera North Show Boat and Boris Godunov, and RSC Wizard of Oz and Comedy of Errors, almost always comes up with a terrific show, and does so once more in his first were revealed, far from it, but because the parade of musical images was so own feelings of deep disap-coarse-grained, so hopelessly over-blown.

superficiality of it all - the limited poetic horizons and stunted humanity of the treatment, the patina of "efficiency" that lies on the opera like a thick cosmetic cover - will not be widely shared, will indeed appear the grossest ingratitude.

One person on stage, how-

ever, wakens the performance to the high-Romantic thrill to which it otherwise seems so strangely and resoundingly impervious. This is Julia Varady, an artist in the full bloom of glorious maturity, whose every note, every word, every action quickens with "felt life". with passionate spontaneity and musicianly and dramatic warmth. The very vibrancy in the timbre removes this soprano from the realm of Northern-myth Sentas: the sfumature of Miss Varady's singing, with its loving legato and portamento phrasing, are gen-erally thought of as belonging to the world of Italian opera. though of course Wagner (himself a connoisseur of fine Ital-

such vocal conditions. She is not a dramatic-acprano Senta, not limitiess in stamina; while from that small frame (set in particular relief by the presence of so many tall male principals) some remarkable and fearless utterances are thrown out, the climaxes of the dust with the Dutchman tax all her resources. Yet this too humanises the portrayal, and with it the notion of redemptive self-sacrifice, into something utterly fresh and vital - Miss Varady is neither the icon-Senta of past Wagnerian treatment nor the nutcase-Senta of recent years, but a flesh-and-blood creature upon whom the whole emotional and

Ideally, she needs to play opposite a Dutchman of similar vitality, similar quickness of response. James Morris's Hel-

poetic drama can properly be

denbariton is well known in this theatre; and though on Monday he started the evening in unwontedly dry, hollow voiced form, hooking and lifting up into the notes, the large sounds and securely-shaped phrases soon came into focus. I feel about Mr Morris's performance the same dastardly ingratitude as I do about the show as a whole: admiration for his bigness and security of vocal craft, weariness at the sheer predictability and exter-nalised effects-making of his characterisation.

The Swede Thomas Sunne gardh is a personable, slightly shallow-voiced Srik, Neill Archer an alert and agreeably lyrical young Steersman (he also dances notably well). Anne Wilkens a pleasantly tough, unfussy Mary. Gwynne Howell's first Covent Garden Daland, though he too started the evening in rough voice is no cartoon capitalist but a rounded human being - Mr Howell's gift for understated too little employed, makes a welcome re-appearance.

The conductor is Christoph von Dohnanyi. Fine playing and singing from the much improved chorus, a forward-moving impulse to the solos and duets, a clear and authoritative eve on the big climaxes, an exciting sweep to the finale: the performance has all the now-familiar Dohnányi virtnes and many others besides. What it lacks is genuine grandeur, ripe affection for the picturesque musical elements (the sailor jollifications lose their rhythmic bounce by being too evenly accented), richness and variety of atmosphere. In a sense, conducting and production are all of a piece,

Sponsored by Royal Opera House Trust; in repertory until July 1



#### **AMSTERDAM**

Concertgebouw 20.15 Lev Markiz conducts the New Amsterdam Sinionietta, Tomorrow: Kronos Quartet. Sat afternoon: Simon Rattle conducts the Rotterdam Philharmonic (6718 345) Beurs van Berlage 20.15 Vassili Sinalski conducts the Netherlands Philharmonic Orchestra in works by Schumann, Von Henselt and Dvořák. Repeated tomorrow (6270 466)

#### **ATHENS**

Concert Hall 20.30 Bolshoy Ballet School in a new Electra choreography by Yuri Grigorovich, performed daily till Sun along with other works from the company's repertory (722 5511). Fri at Odeon of Herodes Atticus: Greek National Opera production of Nabucco, opening performance of 1992 Athens Festival (322 1459)

■ BONN Dennis Russell Davies conducts

Jean-Claude Riber's new production of Die Walkure tonight at the Oper also Sun. Fri, Sat, plus next Tues and Wed at Werkstattbühne: Wolfgang Rihm's chamber opera Jakob Lenz. Fri at Beethovenhalle: Christoph Prick conducts Beethoven's First Piano Concerto (Jeffrey Kahane) and Strauss' Sinfonia Domestica

If sheer machined efficiency and

implacable technique were all that's

needed, the Pittsburgh Symphony Orches-

tra would qualify easily for the place among the world's great orchestras it claims for itself. But there was something

utterly charmless, if not almost repellent,

about the display it gave to a capacity Royal Festival Hall audience on Monday a demonstration of prodigious strength in

every department and seemingly inex-

haustible reserves of tonal power car-

tainly, but little feeling of individuality or

Comparisons with the Philadelphia

Orchestra, which played in the same hall two weeks earlier, are inevitable. Where that authentically great orchestra cer-

tainly gave ample proof of its collective

virtuosity, it was used there as the

starting point for wonderfully elegant

even of corporate artistic spirit.

#### BRUSSELS

Monnaie 18.00 Sylvain Cambreling conducts first night of Peter Mussbach's new production of Les Troyens: Runs till June 30, next performance on Sat (219 6341)

#### **■ COLOGNE** OPERA

Neil Shicoff and Alexandru Agache head the cast in tonight's performance of Un ballo in maschera at the Opernhaus (also June 14, 18, 21, 25, 28). The repertory also includes a Tanz-Forum production of a new ballet by Jochen Ulrich and Heinz Spoerii's Dusseldorf production of La fille mal gardée (221 8400) CONCERTS James Conion conducts the

Gürzenich Orchestra in Mahler's Second Symphony in the Philharmonie on Sun morning, also Mon and Tues evenings. Sun evening: Antoni Wit conducts Philharmonia Hungarica (2801)

**■ COPENHAGEN** 

Tivoli Koncertsalen 19.30 Gary Bertini conducts Tivoli Symphony

Orchestra in Dvořák's Violin Concerto (Shira Rabin) and Mahler's First Symphony. Tomorrow: Michael Schoenwandt conducts Dvořák's New World Symphony. Fri: Rossini's Petite Messe Solennelle. Sun: Pinchas Zukerman and Ralph Kirshbaum play Brahms' Double Concerto. The season continues till

**E** CENOA Tentro Carlo Fellos 20.30 Lo siège de Corinthe with a cast led by Luciana Serra. Final performances on Fri and Sun

on Fri and runs till June 28.

mid-September (3315 1012)

#### HOHENEMS This year's Schubertiade begins

Anatol Ugorski gives the opening piano recital of Beethoven and Schubert, Andreas Schmidt sings Die schöne Müllerin on Sun. Andres Schiff gives a complete cycle of Schubert sonatas, Nikolaus Harnoncourt conducts the Schubert symphonies with the Concertgebouw Orchestra, and there are recitals by Brigitte Fassbaender, Dietrich Fischer-Dieskau and Olaf Bar. Other guests include Maria Joac Pires, the Emerson and Cherubini Quartets, Gidon Kremer, Peter Schreler, Margaret Price and Graham Johnson. All this year's events take place in Feldkirch (05522 38001)

LONDON Covent Garden 20,00 Salome

with Maria Ewing. Tomorrow: Der fliegende Hollander. Fri: La bohème. Sat: Samson et Dallia with Domingo. This week's performances are Midland Bank Proms: no stalls seats (071-240 Coliseum 19,30 Madam Butterfly

with Janice Cairns and Arthur Davies, also Sat. Tomorrow: Faistaff (071-836 3161) Royal Festival Hall 19.30 James Blair conducts the Young Musicians Symphony Orchestra In works by Mussorgsky, Mendelssohn and Orff. Tomorrow: Artie Shaw (071-928

8800) Barbican 19.45 An evening with Maureen McGovern (071-638 8891)

#### NEW YORK MUSIC

Carnegie Hall 20.30 Gala tribute to Stephen Sondheim starring Liza Minnelli and other stars from Broadway, jazz, pop and opera (2477800)THEATRE

 Salome/Chinese Coffee: Al Pacino stars in two shows running in repertory. The first is a production of the Oscar Wilde work, and the second a contemporary play by Ira Lewis (Circle in the Square, 50th St west of Broadway, 239 6200).

Guys and Dolls: a revival of Frank Loesser's musical (Martin Beck, 302 West 45th St.

● Lost in Yonkers: Neil Simon's family melodrama set in a New York suburb during the Second World War (Richard Rodgers.

239 6200).

226 West 46th St, 221 1211). Five Guys Named Moe: a musical celebration of 1940s jazz star Louis Jordan, set in present day New York (Eugene O'Neill, 230 West 49th St, 239 6200).

#### PARIS

Salle Pleyel 20.30 Piano recital by Annie Fischer (4561 0630) Palain Garnier 19.30 Ballet de l'Opéra de Paris in choreographies by Neumeler, Petit and Lander. Also June 12, 16, 18, 22, 24, 30 (4017 3535) Théâtre de la Ville 20.30 Cullberg Ballet in two choreographies by Mats Ek, daily till Sat (4274 2277) Chittelet 19,30 Daniel Barenboim conducts Patrice Chéreau's new production of Wozzeck, with Franz Grundheber and Waltraud Meier. Also Sat and Mon (4028

#### ■ STUTTGART THEATRE

Rodney Ackland's 1988 play Absolute Hell, set in a Soho social club at the end of the Second World War, has its German premiere this week at the Kleines Haus (transferring to the Kammertheater next week). The repertory also includes plays by Ibsen and Kleist (221795) OPENA

The Staatstheater repertory includes Yuri Lyubimov's Gulag production of Fidelio (tonight), Achim Freyer's staging of Der Freischütz (tomorrow), Lady Macbeth of Mtsensk (Fri) and a revival of Andrea Chenier on Sun, Ruth Berghaus' new

production of Mahagonny can be seen on Sun. Rossini's La scala di sieta joins the repertory on June 21, conducted by Alberto Zedda (221795) CONCERTS

feetenment.

Martha Argerich and friends give three different programmes of chamber music tonight, tomorrow and Fri at the Ludwigsburg Festival, followed by a concert on Sun by the Montreal Symphony Orchestra under Charles Dutoit. The festival continues till early October (7141-949610)

#### ■ VUENNA MUSIC Staatsoper 18.30 Vladimir

Fedosseyev conducts Boris Godunov, with Ruggero Raimondi, also Sun. Fri: Theo Adam sings title role in Cerha's Baal (51444 2960) Theater an der Wien 19.30 Rolf Reuter conducts Harry Kupler's Komische Oper production of Carmen. Repeated on Sun (586 1676)

Musikverein 19.30 Vladimir Ashkenazy conducts Berlin Radio Symphony Orchestra in works by Zemlinsky and Richard Strauss. In the Brahms Saal: song recital by Kathleen Battle. Fri, Sat, Sun, Mon: André Previn concerts (505 8190) Konzerthaus 19.00 Eliahu Inbal conducts Vienna Symphony Orchestra in a concert with commentary on Mahler's Kindertotenlieder, with Nathalie Stutzmann, Next Mon: Barbara Hendricks (712 1211)

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#### FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700 Wednesday June 10 1992

### Japan's role in the world

PARLIAMENTARY fisticuffs and filibusters notwithstanding, Japan has taken a timid but important step towards playing a political role in the world commensurate with its economic might.

After a sitting that lasted four days and nearly four nights, parliament's upper house passed a bill authorising small numbers of Japanese troops to serve in United Nations peace-keeping operations overseas. Assuming the lower house, which agreed the bill some time ago, now passes the amended version, Japan will be able legitimately to deploy its modest but growing self-defence forces abroad for the first time since the second

The decision was the subject of more than 18 months of bitter parliamentary debate. During that time Japan - much to its government's embarrassment - was unable to play anything more than a financial part in the Gulf war. The fact that Jananese politicians have been stung into recognising the need for a physical as well as a financial contribution to international action is significant. It is only with this kind of experience, gathered cautiously over a substantial period of time, that Japan will broach a serious debate about how the country is to exercise its power in the world and its Immediate region.

Security needs

These are deep and dangerous waters, and wading into them requires diffidence. Japan is not, for one thing, on the point of developing much of a foreign pol-icy of its own. Any international deployment of its forces will be strictly wrapped in the UN flag and in all other respects Japan continues to depend overwhelm-ingly on the US for its security

and other foreign policy needs. But that observation itself begs a question which may, in the next lew years, become more insistent: how durable is the US-Japan relationship? Japanese officials are inclined to brush such doubts aside. Equally, no country in the region, including China, wants to see a re-emergence of Japan as a regional power. The argument runs: if everyone wants the US to stay then the US will stay.

plausible, but its converse is hardly unthinkable in a period which lacks the galvanising polar-ities of the Cold War and features an unremitting stream of economic tensions which has made Japan such a volatile factor in

The US did not find it unthink able to shut down its previously vital naval facilities at Subic Bay in the Philippines last year and it needs to be borne in mind that it Japan by the substantial sums the Japanese government pays towards their upkeep.

Moreover, even if the US rela-

Unsettling events

tionship is as solid as Japanese officials claim, they are well aware that continuing stability in their immediate neighbourhood is scarcely guaranteed. It is not hard to think of events that might occur in north or east Asia before the century is out, that could seriously unsettle the entire region: from reunification of the Korean peninsula to a large-scale upheaval in the Chinese leadership. It would be remarkable if in all these possible crises, the US and Japan saw completely eye to eye. The possibility of Korean unification, for example, is already causing frissons of concern in Tokyo that seem to some observers to go beyond America's specific worries over North Korea's nuclear programme, Japan's substantial economic stake in the future of south-east Asia may also eventually translate into a politi-cal approach to the region which deviates from that of the US.

Such considerations are a far cry from the modest step into the international arena Japan has just taken. But it is they, rather than hazy notions of international solidarity associated with the UN, that may be the real foreign policy preoccupations for Japan over the next few years. The wrangling over the peace-keeping bill is a small hint of the troubles the country has yet to face in coming to terms with its changing world role. It is in everyone's interest that Japan's emergence as a more vigorous world citizen is accomplished with appropriate tact.

### Time to review the regulators

are almost daily assailed by headlines alleging profiteering and poor service. Electricity generator PowerGen's profits are up 30 per cent in the depths of a recession. Complaints about the behaviour of the water companies have doubled. British Gas stands accused of "ripping off" the customer by failing to cut gas bills fast enough as inflation falls. Are Britain's regulators doing enough to protect the hapless consumer from the predations of monopolistic, privately owned public utilities?

The shareholders of these utilities probably see things rather dif-ferently. Millions of Sids who bought British Gas shares find the pricing formula enforced with unforeseen ferocity. BT faces the third tightening of its price cap since privatisation with ever more services subject to control. Dividends paid to water shareholders could be restricted under proposals that the companies should finance a higher proportion of investment through debt. Are Britain's regulators running amok, tearing up the prospectuses published when the utilities were

The truth lies somewhere between: Britain's regulatory system is evolving. Experience has shown that simple "RPI-X" price caps, which limit price rises to X tion, have often required refinement to curb monopoly profits. The "X" factor has needed to be increased in some cases (from 3 per cent to 7.5 per cent in the case of BT). The basket of prices encompassed by the formula has grown fuller. Quality criteria have been added, and regulators now enforce service standards.

Social requirements Other public policy issues have arisen. The regulator may attempt to promote investment in infra-

structure like fibre optical cabling, for example. In the utilities which provide basic necessities, there are social requirements to offer special services to the old and the disabled. Water prices are being increased by more than the rate of inflation to invest in much higher levels of water purity.
Finally, most of the regulators

are rightly required to work towards their own abolition by creating the conditions for more competitors to thrive. Ofgas has pressed British Gas to open up utility privatisation.

THE CUSTOMERS of UK utilities more opportunities for competing suppliers. BT is constrained in its ability to compete with cable TV companies. The big two electricity generators face restraints on their ability to dominate regional supply markets.

> All of these are legitimate objectives for regulation, though their import may not have been fully understood by managers or shareholders when the companies were privatised. Equally, those involved in creating the regulatory process may have underestimated the difficulties in applying light touch regulation to complex industries. That is why the picture is shifting, and why the regulators have at times appeared to move in different directions or at different paces. While all have held on to price caps, reflections on justifi-able rates of return on capital have begun to feature. Such evolution is desirable, and the existence of several industry-specific regulators encourages diversity and

Little scrutiny

However, all of this can be bemusing to the ordinary con-sumer or investor. There is astonishingly little scrutiny of the processes which have become so important to household budgets and industrial competitiveness. Much more of the information regulators use to make their decisions could be placed in the public domain without threatening commercial confidentiality. And parliamentary select committees could hold public examinations of the regulators after the publica-tion of their annual reports. The appointment of regulators might also be subject to confirmation by

More fundamental scrutiny of each regulated utility is also needed from time to time, with the Monopolies and Mergers Commission well-placed to carry this out. itself also requires periodic scru-tiny to establish how it is evolving and whether it is as effective as it

can be. The government should ask the Office of Fair Trading to review utility regulation. Its report, rich in research and analysis, would then provide an excellent basis for public scrutiny by a parliamentary committee. This is the right

once waited hours to buy the everyday necessities of life, the only queue nowadays is for jeans from the Levi Stranse boutlque - at \$50 a pair. Nearby, in the shadow of Stalin's towering "Palace of Culture", giant tents house a supermarket and stalls selling everything from Beluga caviar to compact discs.

in central Budapest, the signs of new affluence are even more sirking. Gleaming BMWs and Mercedes glide past shop windows filled with designer-label clothing, Mont Blanc pens and other icons of the status-conscious. Blink, and it could almost be Vienna or Milan.

In spite of the parlous state of local economies, such visions of plenty are increasingly common across central Europe. After years of enduring shortages, shoddy prod-ucts and dreary shops, shoppers are tempted on every street corner by western consumer goods which have become tangible symbols of

their liberation from communism. For many western manufacturers. the attraction is mutual. In the past 18 months, large household name companies such as Coca-Cola, Pepsico Foods, Levi Strauss, Philip Morris, BAT, Unilever, Procter & Gamble and Electrolus have moved in to Poland, Hungary and Czechoslovakia to acquire local production. hases and distribution systems.

Though their strategies differ, all are making the same calculated gamble. By braving the region's political and economic uncertainties and often chaotic business conditions, they hope to come to dominate some of the fastest-growing

markets of the future. "Central Europe today is like America in the 1980s and Britain in the 1950s," says John Lindquist, a consumer industry specialist with the Boston Consulting Group. There is a golden opportunity to establish brands and strong market franchises from scratch."

But what are the chances of the gamble paying off? Hungary and Poland offer contrasting yardsticks. A much longer history of economic liberalisation has given the former a head start, but the latter's larger population makes its market poten tially a much bigger long-term bet. Both, however, face many similar

In each country, much of the recent conspicuous consumption is froth on the surface of shaky economies gripped by a savage monetary squeeze. In Hungary, overall con-sumer demand has been plummeting for two years. In Poland, a retail boom has recently started to sag.

Equally, consumer spending is dominated by small elites who have rapidly grown rich by methods of varying legality, while much of the rest of the populations has grown poorer. In both countries, as few as 10 per cent of consumers are estimated to control half the purchas-

ing power.
Gabor Varszegi, an entrepreneur who is probably Hungary's wealthiest man, reckons the easy killings will soon be over. Having rapidly processing and cosmetics shope and importing luxury goods such as Ray-Ban sunglasses — which he sells for three times the US price he says his next moves will be out-side consumer markets in areas

such as energy supplies.
Some of the pain among the very poorest classes has been eased by flourishing black economies, visible in continuing large volumes of smuggled imports which often sell at bargain prices. Until recently, the Polish and Hungarian governments have accepted such activity as an

Western groups are building brand names in central Europe, says Guy de Jonquières

### From bare shelves to blue jeans

antidote to social friction. However, the budgetary costs of doing so are

In a desperate effort to raise revenue, both governments have niled taxes on locally produced goods. However, higher prices have simply encouraged smuggling. In coffeeloving Hungary, where the drink carries heavy taxes, about 40 per cent of the market is supplied by illegal imports. There is also a darker side. In Poland, where the customs service has an unenviable reputation for corruption, cigarette amuggling has acquired the hall-marks of highly profitable organ-

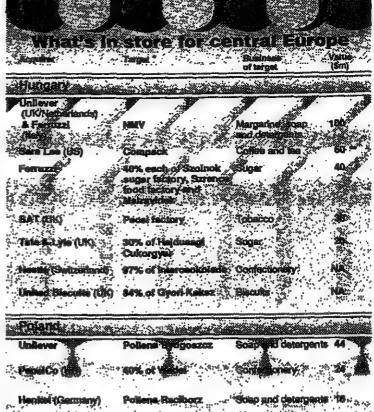
ised crime. Such developments raise a basic countries builti efficient and comnetitive markets which will support the solid wealth creation needed to fuel rising consumer demand? Or will they become candyfloss econo mies, shaped by the values of local yuppies, wheeler-dealers and a sleazy assortment of conmen?

The role of the multinational investors may be decisive. Though still small in numbers, only they possess the skills and resource required to translate the goals of economic reform swiftly into functioning business reality. Furthermore, in countries desperately short of practical experience of capitalism in action, the local operations of multinationals are the only role models at hand.

The impact of consumer products companies is particularly crucial. Because their activities directly affect the daily lives of millions of people and require an extensive distribution, marketing and sales infrastructure, they impinge on

any of them have seen acquisitions in central Europe as a quick way to achieve market share - a goal helped in Hungary by the rushed privatisation of some near-monopoly producers such as NMV, a margarine producer bought by Unilever and Ferruszi in February. However, such monopolies face growing competition from imports and newly arrived western manufacturers. Local production also enables goods to be priced at affordable levels - typically about twothirds of those in the west. But the few were so bad that their new western owners scrapped them. Others have required limited work

to achieve acceptable standards. Most western newcomers are impressed by the quality of local employees, many of whom are technically proficient, adaptable and eager to learn - though woefully lacking in financial and marketing skills. But few companies have yet seriously tackled the over-manning which exists in many plants - an especially sensitive issue in Poland, with its politically powerful trade



Benckieer (Germany) Pollene Nowy Dwor: Czechoslovakia

Values trickude commitments to further trivestment where published."

Obtaining indigenous raw materials is relatively easy - suppliers just turn up outside the factory gate. But importing can be much Poland, where western manufacturers complain of long delays at cus-

toms unless they pay bribes. The toughest challenges, however, begin once goods leave the factory. Because local producers traditionally ignored sales and marketing, most larger western companies have had to recruit and train local sales forces and educate retailers in how to promote their prod-

ucts from scratch. Much the biggest headache is physical distribution. In Poland, state-owned monopoly wholesalers

collapsed almost overnight after liberalisation. In Hungary, the process has been more gradual, as former regional monopolies - some of

businesses which have sprung up to fill the gap are often energetic and enterprising, most are poorly financed and organised. "Nobody has any capital and nobody takes credit," says Andrzej Szwarc of DMS, a small Dutch-Polish company which markets products for Mars, the US food company. "We have started to extend credit, but we go to bed with the thought that if a wholesaler goes bust, so do we."

which own shops - have retreated But though the privately owned

Many bigger companies are trainabout how fing local wholesalers. Even so, already come.

Kzrysztof Sokolik, Philip Morris's manager in Poland, says none yet covers the whole delivery chain all

the way to retail outlets. Some companies are also supplying outlets directly. Coca-Cola, for instance, has 150 sales and delivery trucks on the road in Poland. However, in the first six months, Coke found that 60 per cent of its retail customers had changed.

Though hundreds of thousands of retail outlets have sprouted across central Europe in the past two years, many are little more than hole-in-the-wall operations with fragile finances. Even in bigger stores, basic techniques such as managing shelf space and stock turnover are still almost unknown, and supplies erratic. "When my wife sees imported products she wants in the shops, she buys 10 of them at a time." says Patrick Knight, head of Colgate-Palmolive

Distribution has received little attention from western retailers which, unlike multinational manufacturers, have so far been slow to enter central Europe. The Austrian Julius Meinl supermarket group and Tengelmann of Germany have invested in Hungarian chains, which they are helping to modernise, and some franchise boutiques. have been established. But in Poland, the government appears reluctant to sanction big investments by foreign retailers for fear of jeopardising the survival of the many newly created small shops which it regards as one of the proudest achievements of reform.

et most western managers in central Europe remain optimistic that with patience and energy, these obstacles can be overcome. In the words of Robert Combée, Dutch-born head of Compack, a Hungarian coffee comof the US: "People here feel it's a chance of a lifetime."

How far locally owned producers will share in that chance is another question. Some, notably Polish breweries, have reasonably strong brands and quality and are trying to go it alone. But most are reeling from the loss of former Comecon markets, fierce import competition and massive debts.

Their managers are often remarkably clear about what needs to be done to make them competitive by improving quality, packaging and marketing. However, they are equally aware that the challenges are probably too big to handle alone, and that they can only hope to survive by rapidly finding west-MIT OWNER.

Acute capital shortages are an obvious barrier to expansion. However, many local managers feel that other handicaps are equally important. They include outdated technology, minimal management and marketing skills and - above all - an simost total lack of experience of how modern businesses work.

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The dilemma is crisply summed up by Krzystof Bialowolski, presiprocessor which is looking for foreign investors while struggling under a mountain of debt. "If you gave me \$50m today," he says, "I would simply have to turn around and spend \$10m hiring advisers to tell me how to invest it in the business." That admission is a measure of the distance central Europe has yet to travel to create modern market economies. But the fact that such issues are being recognised and talked about also says much about how far the region has

### The shrewdest deal for Docklands

The government can drive a bargain, says John Plender

nvironment Secretary Michael Howard has declared that the decision to move government employees to Canary Wharf will be taken on hard-nosed value for money grounds. But what does value for money mean when the government itself has the power to transform the viability of the trou-bled development simply by moving civil servants down-river and proceeding with the Jubilee Line? There is a risk that Whitehall negotiators will, in the jargon of the property market, undervalue their own 'covenant': their status as providers of the most reliable income stream in commercial property.

The government's bargaining position at Canary Wharf is overwhelmingly strong. There is no other comparable tenant in sight. That points to a rock-bottom initial rent and flexible lease terms that exclude upward-only rent reviews. But that is not enough. Simply by moving people eastward in bulk, the government will be creating capital value. Ministers have it in their gift to reduce the banks' writeoffs and provide a profit for any successor to the Reichmanns.

A private sector tenant in a com-parable position would exploit the fact by taking an equity interest as a reward for restoring a lame duck. There is no reason why the government should not do the same, if enough space is taken to alter tha scheme's finances materially. Should a developer try to buy Canary Wharf from the administra-tors, he would inevitably seek to treat with government, not least in its capacity as a potential tenant. The government would be salling the taxpayer short if it failed to respond commercially.

The negotiation of the relative

equity stakes would hinge on valua-tions of Canary Wharf with and without the government, adjusted for respective contributions to the Jubilee Line. The state's equity interest could then be subject to an agreement to sell on completion of the whole scheme. Alternatively, it could be securitised - turned into the equivalent of a unit trust for institutional investors just as American mortgages are turned into mortgage-backed securities.

Yet none of this is likely to happen. First, Lord Wakeham, who co-ordinates government efforts on Canary Wharf, has asked the administrators to negotiate with Whitehall departments individually. This brilliantly undermines the government's negotiating strength by inviting the opposition to divide and rule. Then there would be prac-tical objections about valuation. Such things, invariably surmountable in the private sector, are taken frightfully seriously in Whitehall. Pinally, there is the ideological hang-up. Ministers feel that entrepreneurial activity by the state con-

tradicts the logic of privatisation. The government's property advis-ers might well respond by suggest-ing a less conspicuous form of equity. It would be possible, for example, to structure the lease so that rents rose to, say, 70 per cent instead of 100 per cent of market value on periodic rent reviews. The snag is that while this de facto equity would have been valuable in the inflationary property market of old, the huge oversupply of London offices makes it of questionable worth today. The value that the government should be seeking to capture derives less from rental inflation than from further development many years down the line.
There are other opportunities to

more imaginatively which seem equally unlikely to be grasped. A feature of today's otherwise severe property slump is that there are plenty of buyers for property let to first class tenants. No better tenant exists than the government, since its creditworthiness is supported by the power to tax. At a time when the impetus behind the privatisation of state corporations is inevita bly waning, the sale and leaseback of more government property would be an attractive way of taking pres-sure off the gilt-edged market. It would reduce funding costs and make the fiscal convergence criteria of the Maastricht agreement - if they survive the present Danish fracas - more easy to attain.

There are plenty of so-called tro-phy buildings, the kind that appeal to hig international investors, in the government's portfolio. Whitehall has a stunning collection of them. Yet the ownership of the land bricks and mortar in Whitehall is still sacrosanct, untouched by the Thatcher revolution and undisturbed by Majorism. This seems odd. Unlike the coal industry or British Telecom, the building that houses HM Treasury is no more than a passive asset. The only reason that the City is not humming with plans to privatise or securitise Great George Street is that it is simply unthinkable. The objections are all based on the idea that government tenants are somehow different - arguably true of the Minis try of Defence, but not of much else. Perhaps the Number 10 policy unit could summon up a shocking thought or two, to help ease the government's funding burden. Sell-ing the ground from under the Trea-sury would bring a whole new dimension to Whitehall's turf war. GT INVESTMENT FUND

Société d'Investissement à Capital Variable Registered Office: 2, boulevard Royal, L-2953 Luxembourg R.C. Luxembourg No B-7443

Notice is hereby given to the shareholders, that the

ANNUAL GENERAL MEETING

of shareholders of GT INVESTMENT FUND will be held at the offices of Banque Internationale à Luxembourg, Société Anonyme, 69, route d'Esch, L-1470 Luxembourg, on Friday, 19th June, 1992 at 10.00 a.m. with the following agenda:

 To hear and accept the Reports of: a. The Directors
b. The Auditor.

2. To approve the Report of the Directors for the year ended 31st December, 1991 including the Statement of Net Assets as at 31st December, 1991 and Statement of Operations for the year ended

3. To discharge the Board of Directors and Auditor with respect of their performance of duties from 1st January, 1991 to 31st

4. To elect as Directors to serve until the next Annual General Meeting of Shareholders: D.H. FitzWilliam-Lay, A. Elvinger, LA. Dick, M. Kii, Y. Hashimoto, H. Nakajima, D.N. Ledeboer, J. Vroegop, F. Wagner.

5. To elect as Auditor to serve until the next Annual General Meeting. of Sharzholders: Coopers & Lybrand S.C.

6. To declare a dividend in respect of the year ended 31st December.

7. To approve the payment of Directors' fees of \$ 7,000 each. 8. Any other business

The shareholders are advised that no quorum is required for the items

on the agenda of the Annual General Meeting and that decisions will be taken on a simple majority of the shares present or represented In order to take part at the meeting of 19th June, 1992, the owners

of bearer shares will have to deposit their shares five clear days before the meeting with one of the following banks who are authorized to receive the shares on deposit:

Bayerische Vereinsbank A.G., Kardinal-Faulhaber-Strasse 1, D-8000 München 2

- Crédit Industriel et Commercial, 66, rue de la Victoire. F-75009 Paris

Banque Internationale à Luxembourg, 2, boulevard Royal, L-2953 Luxembourg

THE BOARD OF DIRECTORS

#### **Edward Mortimer**

### The benefit of the doubt

always be in the right place at the right time. Last Tuesday, while the Dan-

ish. voters were joyfully their free copies of the Treaty of Maastricht to the shredder, I was in Mexico, forming part of the comitiva (entourage) of President Carlos Salinas de Gortari, on a visit to the northeastern state of Tamaulipas.

Why Mexico? I had gone there, as readers of last week's Foreign Affairs may remember, at the invitation of the InterAction Council, the little-known trade union for retired heads of government. Having got there, I was keen to meet the president, having heard his policies praised as the model Latin American success story during my pre-Earth Summit excursion to Brazil.

chronic stagflation, they speak of Mexico with envy, even grudging respect. Mexico was where the great debt crisis started in 1982, but today it is clearly under control. While I was there, the finance minister was able to announce that he had reduced Mexico's public debt to 38 per cent of the gross domestic product: a lower proportion than in the largest industrial countries.

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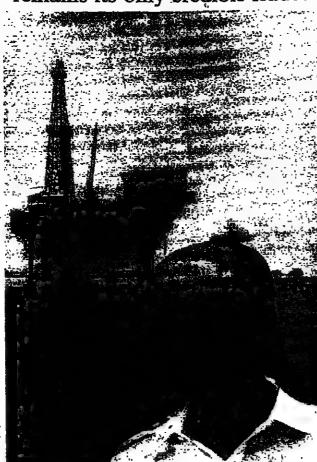
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Inflation is in the middle teens (less than Brazil's monthly rate) and falling, privatisation and deregulation are well advanced; foreign investment is pouring in; negotiations for a free trade area with the US and Canada are almost complete; and growth has resumed - although critics are quick to point out that in per capita terms it is little more

than 1 per cent.
President Salinas is proud of the fact that population growth has fallen to 1.9 per cent per year. But even at that rate Mexico has to run very fast to stand still. The population has more than tripled in 40 years, and here, as throughout the Third World, the increase takes the visible form of improvised shanty towns wherever there was vacant land in or close to the big cities.

Several of the president's engagements during his tour of Tempulipes were meetings in these shancy towns; organ by the National Solidarity Programme, which he launched the day after be took office in 1988. It sprang from his Harvard PhD research in the 1970s, when he found that local variations in support for the ruling party could be correlated, not with gross social spending but with the direct involvement of the local population in plan-ning and implementing social programmes. In essence it is a system of matching grants, whereby the state agrees to provide resources for projects - schools, clinics, housing,

Mexico has many of the features of a one-party state, but Salinas remains its only credible leader



Salinas: the president showed his political skill in withholding a promise to build a new oil refinery

potable water and sewage systems, electrification, etc — which groups of poor people propose and carry out them-selves. In a period of cuts in state expenditure, it aims to allocate scarce resources so that they stimulate and reward local initiative.

The comitive comprised some 20 or 30 people: local politi-cians, junior ministers, senior businessmen, a

historian from the Colegio de Mexico and a scientist who hed done research on Alds. On the platform at each meeting,

whether in town square, fac ... Institutional (PRI). On the tory or under the trees of a flight back to Mexico City I put remote farming community, it to the president that this each of us found a chair bearing a typed label with his or country one would expect his

her name on it. also imploring him to solve problems, uphold the rights of a Solidarity committee against local bureaucrats or, in the oil port of Tampico, promise to interest among the peobuild a new refinery. (He ple... because they had almost be that if there is one, it is not showed his political skill by no relation with what was yet in sight.

withholding that promise decision for the board of Pemer, the state oil company, to take on strictly economic criteria - and yet making the crowd cheer his assurance that "your friend, the president of the republic" would personally watch over their interests.)

Occasionally one could see the banners of a small opposition party. But conspicuous by civil servants, private sector its invisibility was the party to which Mr Salinas himself

which has ruled

Mexico almost

Revolucionario

Conspicuous by its belongs, and invisibility was the party to which the president since its founhimself belongs

country one would expect his own party to be in the lead in From this privileged vantage welcoming the head of state

going on". By contrast, he explained, the people at the meetings I had witnessed were "those directly related to what is going on, and are mobilised through Solidarity committees, which are not party-related, because we are convinced that these committees reflect the pluralistic composition of the population, and they do not want the parties within the

There is no doubt that the PRI is active behind the scenes in the Solidarity programme, as in almost everything that happens in Mexico. A colleague told me how he came by accident on a squad of PRI mili-tants in the midst of the countryside, toiling to finish a school building which Mr Sali-nas was due to inaugurate the

following day. Mexico still has many of the features of a one-party state. The press remains weak, the television respectful, and the number of journalists who meet violent deaths (not all, ostensibly at least, for political reasons) has aroused the anxiety of PEN, the international writers' lobby. The opposition has clearly lost ground since the 1988 presidential election, which many believe Mr Cuauhtémoc Cardenas would have won if the votes had been

honestly counted.

Mr Salinas worries about such things, too, or anyway about the effect they have on Mexico's image. He has set up a National Human Rights Commission, and he says he "would like to see more modern political parties". At the same time he is acutely defensive about Mexico's national sovereignty, evidently fearing that any qualification of it might be exploited by the US, for instance by attaching political strings to free trade.

So far the US has abstained from doing so, evidently considering that Mr Salinas is by far the best Mexican leader it is likely to get and that nothing would be gained by rocking his boat. "Generally Americans like to link economic issues with democracy and human rights," says one distillusioned Cardenas supporter, "but there are three exceptions to that: China, Mexico and Kuwait." unchallenged

To such critics the good press that Mr Salinas gets at home and abroad, and espedation in 1929: the Partido cially the willingness of foreign liberals to give him the benefit of the doubt, is infuriating. "Why should what he says be taken on trust, any more than what Bush or Major or Kohl says?" the same person asked. The enswer is that of course it should not. But the question is directed at the president, especially if (as is clearly the the wrong one. What one thanking him for his support case with Mr Salinas) he has with this or that project, but some popularity to cash in on. an alternative leadership and some popularity to cash in on.

Yes, he said, that "used to be an alternative programme the tradition" in Mexico too, but party meetings had become "very rigid, with a lack of perity and greater freedom; and there the answer can only

#### LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fex 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

#### Regulator must act on water

From W A G Spicer.
Sir, in your article, "And not a drop to spray: The water crisis in the UK" (May 30), you commented on the profits and dividend increases being reported by various water com-

Pride of place was awarded to the East Surrey Water Company, whose profits and dividend increased by 42 per cent and 19.5 per cent respectively. These figures should come as no surprise given that increases applied at April 1 1990 and April I 1991 resulted in a cumulative increase of approximately 69 per cent: the Retail Prices Index increase was only a fraction of this

.In my view competition in the marketplace is an essential ingredient of the free enterprise system. Water companies enjoy an absolute monopoly in their supply area and were not appropriate candidates for privatisation. It is not surprising that, at a time when many large companies subject to the rigours of competition in a severe recession are reporting markedly reduced profits, the water companies are pros-

pering.
Unless there is some really effective action by the industry regulator the prospects for the customer are bleak indeed with ever escalating charges and little to show for it. W A G Spicer, 6 Montrose Gardens, Leatherhand,

"driving their companies for-

Absurdity which stultifies the

role of UK company boards

done such an excellent demolition job (Personal View, June Nowhere else is such an 9) on the absurdities of the assumption made or accepted. I Cadbury Report that very little have myself had the privilege of serving on boards of three of remains to be added. There is. however, one aspect on which he touches only lightly and tions; the notion that their which in my opinion deserves greater emphasis. British corporate governance differs from that of most other

countries in its implicit (and sometimes quite explicit) assumption that boards of directors determine policy while management - a lower grade - see to its implementation. Hence the reference in

From Sir Ronald Grierson.

Graduates

smaller

Mr R Hangon

in the UK.

should think

From Dr J Marshall and

Sir, The otherwise excellent

Sir, Sir Owen Green has

America's biggest corpora-

members were "driving" anything in any sense would strike them as quite odd. In the US and on the European continent management is top-dog for both policy and implementation - and enjoys the accompanying prestige - while boards, though possessing the ultimate deterrent, confine

themselves in practice to work for ICI or Marks and

Spencer.

The experience at Durham is that when we do succeed in getting a graduate into employment in a small company, it nearly always works very well for both the business and the graduate. Many stay with the businesses for several years, and even when they move on article by Andrew Adonis ("School's out", June 6) the plight of graduates in the 1990s they usually opt to stay in the small company sector.

failed to recognise that there is As more and more graduates a huge potential market for graduates in small businesses to re-double our efforts to open up these opportunities via Unfortunately, owner/managers of small businesses are still daunted by the prospects of using a graduate, and many increased use of various programmes such as STEP, the "Teaching Company Scheme", and the "Graduate Associate graduates believe that success

John Marshall, in job-hunting is measured mainly by the size of the com-pany they join. This is often reinforced by parents giving director, Richard Hanage, programme manager, the strong impression that you only have a "proper job" if you

the Cadbury Report to boards | ensuring that management does not run amok.

The British custom of attributing prestigious policy functions to board members has many consequences, some of which give rise to the very problems analysed in the Cadbury Report. Perhaps the most absurd of all is that it compels senior managers to perceive board status as the ultimate and indispensable prestige symbol, thereby partly stultifying the essentially supervisory role which corporate boards should be performing. Ronald Grierson,

27 Grosvenor Crescent Mews, London SWIX 7EX

#### Croydon was saved too

From Mr George Nicholson Sir, Vanessa Houlder (Property Market, June 5) is not comparing like with like on the similarities or otherwise of

The situation in Croydon in the early 1970s was very similar to that of Docklands today. Developers, having built an enormous amount of speculative office space, faced the prospect of buildings standing vacant. It took Home Office and the Department of the Environment intervention to save the situation. I know. I was one of the unfortunate civil servants who had to work theret.

George Nicholson 8 Copperfield Street, London SEI OEP

### Jubilee Line extension much more than just Canary Wharf link

From Councillor Saily Keeble. Sir, Your article on the extension of the Jubilee Line ("No jubiletion at the end of the line", June 5) fails to recog-

Surrey KT22 OUU

nise its wider benefits. The extension would serve not only Canary Wharf but also the growing City overspill on the south bank, and the Surrey Quays areas of Dock-lands, as well as provide a much needed rail extension to Greenwich.

On a wider level it is impor-

tant in the strategic development of east London, including Stratford with its Channel Tunnel rail link with Europe.

Through its connection with the proposed East London line extension, it would link new areas of London into the underground network - especially those with high unemployment, including Peckham and Hackney.

Lack of proper transport facilities has long been both a bar to people in these areas

getting access to jobs elsewhere, and also a deterrent to prospective employers moving nto the area.

Councils that lie along the planned extensions of both the East London and Jubiles Lines support the developments for very obvious social and economic reasons. We have also won the support of private sec-tor employers which share our concarns that the future development and success of London proper infrastructure

cially transport, The problems facing Canary Wharf should not blind planners to the fact that London like the Financial Times - is moving southwards and eastwards. The underground network must move with it. Sally Keeble,

Southwerk Council, Southwork Town Hall, Peckham Road, will depend on the provision of

#### **OBSERVER**

#### Outflow impending

■ Which of the folk who navigated Britain's water industry into the private sector will be the first to pull the plug on his career? Given all the fuss about water charges, the drought and generous perks, plc is not the comfortable haven it may have seemed.

True, the stability - if not stagnancy - of the companies' chairmen since privatisation contrasts sharply with the rapid ebb and flow among their underlings. But a few top retirements could well soon be in the pipeline. North West Water's

chairman Dennis Grove, for one, is 65 next month and so it would be no surprise if he asked to be relieved of further duty. His deputy, Littlewood's chief executive Desmond Pitcher, would make an admirable replacement. Moreover, several of Grove's counterparts in the other companies are also well into their 60s, and must be wondering whether it's worth swimming on, especially if they are not going to land knighthoods.

If they decide to go, Observer will be interested to see whether it proves as easy to recruit the next generation of chairmen as the first.

After all, now the industry is privatised there's less need for a full-time chairman as well as a chief executive. Hence the rate for the job should drop, even though the complaints look likely to go

Taking over? ■ What's in a title? That's the question Rothschild-watchers are asking after a curlous reshuffle at the top of the

North American end of the investment banking empire. Transatlantic deal-maker Robert Pirie - who had been chief executive of both Rothschild Inc and its parent Rothschild North America (RNA) - has been promoted to co-chairman of the US holding company while continuing as chairman of the flagship subsidiary.

The 58-year-old Pirle, who has cut deals for everyone from Lord Hanson and Sir James Goldsmith to the late Robert Maxwell, remains chief executive of both entities. But Gerald Goldsmith, an executive managing director of Rothschild Inc, is being given the new titles of president and chief operating officer of both Rothschild inc and RNA.

In London, Sir Evelyn de Rothschild is full of praise for Pirie's takeover talents, but notes that Goldsmith is going to be the key man handling day-to-day operations. Sir Evelyn, who will become chairman of the US executive committee, is giving up his co-chairman's hat at RNA so that Pirie can wear it, along with the Paris-based Baron David de Rothschild.

Pirie himself notes that he and Goldsmith are old friends who've worked together for 10 years - and will go on doing so on day-to-day matters. The reshuffle, says Pirie, "doesn't mean anything."

#### Marshalls law

 No doubt the great and the good attending today's CBI conference on corporate governance will continue to huff and puff about the need for non-executive directors. But are the institutions which put up the money doing any more than pay lip service to

the idea? Take yesterday's £20m rights issue from Marshalls, the Halifax-based building



"That's the best I can do — Robert Maxwell took the rest with him"

materials firm. After 22 years at the helm, David Marshall stepped down as chairman last year handing over to brother Andrew. Although the Marshall family does not have a huge stake in the company, six out of the eight directors in its last annual report were

Like most firms in its

industry, Marshalls is going through a bit of a rough patch and it might have been thought that the City would insist on a few non-executive directors to keep an eye on the shop in return for underwriting the new capital. However, adviser Samuel Montagu insists that "these. guys are straightforward Yorkshire folk" and sees no need for them to bow to the latest fashion.

Chain of events Publishing group Emap is a prolific launcher and buyer of magazines. Purchases alone have brought it 17 consumer magazines, 28 business magazines and five newspapers in the past half-decade. But its pride and joy, besides being

much the most profitable is Motor Cycle News, a tabloid bought in 1955 for £250. Quite the reverse of a glossy, it is definitely the favourite of Emap's group chief executive Robin Miller who was once its editor. He still likes to to roar about town on test bikes supplied to Motor

Cycle News. The weekly, whose financial success is based on small ada for second-hand bikes, was founded by Cyril Quantrill who, unable to make a go of it, sold it on to a printer. Some time later, the printer sold it to Emap.

But the present owner finally bumped into the creator of the money-spinner a couple of years ago on buying the south England local press group

It was discovered that Quantrill, then aged 70, still worked as a sub-editor on the acquisition's paper in Hastings Whereupon Emap's top brass mobilised for a trip there to present him with a silver figure of an old motor-cyclist sporting the inscription "Motor

Knock, knock ■ Stumped by a breakdown,

Cycle News". The figure cost

far more than Emap had paid

the manager of a process plant sent for the retired engineer who'd set it up and still lived near by. After a brief inspection, he took a hammer, hit a pipe above his head, and the plant began working again. The manager thanked him, and told him to send his bill.

When it arrived the next day for no less than £1,000, the horrified manager rang him, protesting that it was a lot to charge for one hammer-blow. "Oh no," the engineer answered. "Only £1 of it is for hitting the pipe. The other £999 is for knowing where to



Nationwide Overseas Ltd. is a wholly owned subsidiary of Nationwide Building Society, interest rates and tiers may vary. Terms and conditions available on request, interest will be samed on the late of Man Financial cleared funds, however, in the interest of security your account will not be operable until a completed application form is accepted by the company. Registered with the late of Man Financial Supervision Commission for Banking and Investment business.

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### FINANCIAL TIMES

Wednesday June 10 1992



### Bush may follow rivals | UK funds on to talk-show circuit

PRESIDENT George Bush may soon join Governor Bill Clinton and Mr Ross Perot, his rivals for the US presidency, on the radio and television talk-show circuit, according to rumours swirling around Washington this week.

This would represent a sub-stantial tactical shift for Mr Bush who said only last week that he would wait until after the Republican convention in August before engaging in formal full-time campaigning. Even then, he implied he would shun what has become, thanks to Mr Perot, the most popular form of political communication this

However, the president last week entertained as an overnight guest in the White House Mr Rush Limbeugh, an abrasive and generally conservative radio talk-show host. No official word of the discussion has emerged, but it may be assumed he was trying to impress Mr Limbaugh and, by extension, his audience.

The president had been frus-trated last week when the three main commercial networks refused to carry live his primetime news conference on the grounds that it might amount to no more than free political air-time. Talk and celebrity shows, on the other hand, actively compete for prominent guests.
The need for Mr Bush and Mr

Clinton to reach out more to the public was reinforced by another poll yesterday, by the Washington Post and ABC. This not only had Mr Perot in the lead with 38 per cent to the president's 30 per cent and Mr Clinton's 26 per cent, but found Mr Bush's overall approval rating, at 35 per cent, dropping to a historic low.

Yesterday morning, Mr Clinton sought to relaunch his struggling campaign further by answering viewers' questions for an hour on NBC's breakfast programme, Today. Last week he had embellished a late night talk show with his saxophone playing, as well as appearing, for the first time, on the Larry King Live show which Mr Perot used



Good morning America: Bill Clinton faces the press after answering viewers' questions on NBC's breakfast programme

earlier this year to excite interest in his presidential ambitions. Mr Perot is due to appear on the

Today show tomorrow.

Mr Clinton said talk shows could both help and harm: they could help if they eased popular frustration with "the artificial nature of politics", but harm if they merely encouraged greater "cynicism". It was most important, he said, for people to be able to distinguish between good and bad public service.

But the mediton does not make it easy to get that message over in any detail. In his hour yesterday, reduced to less than 50 min-

breaks, Mr Clinton responded to 25 questions, covering the full range from veterans' benefits to Haitl. All his answers were of necessity truncated.

The callers had been screened for balance by the programme's producers, which probably explained why only two questions were specifically about the threat of Mr Perot.

At Mr Bush's press conference last week, at which reporters could ask what they liked, about half were about the prospective independent candidate.

Big business not big on Perot,

### Lafontaine rejects charge in fight for political survival

By Quentin Peel in Bonn

MR OSKAR Lafontaine, enfant terrible of Germany's opposition Social Democratic Party (SPD) and lately candidate for German Chancellor, was yesterday fighting for his political life.

The abrasive and frequently mischievous deputy leader of the SPD sought to prove, for a full hour, in front of the parliament of his native Saarland, that he was not guilty of bending the rules of official pension rights to gain a tidy windfail of about DM100,000 (\$62,111).

He even went so far as to produce two charts, with red lines and black lines to show his actual and potential income, to prove that he was facing nothing more than a "dirty character assassination campaign" by his political opponents.

The charge against Mr Lafon-

taine, raised to the level of a no confidence debate in the Saarland parliament, where he is prime minister, is that he managed to draw a full pension from the age of 42, in addition to his ministerial salary, thanks to his former position as mayor of Saar-

The accusation, first published in the magazine Der Spiegel, fol-lows a series of reports about extravagant spending by the tiny German state, which is dominated by declining coal and steel

industries. The magazine reported that the Saarland premier, aged only 48, had nonetheless drawn a pension as mayor on top of his DM18,000 monthly salary and DM7,000 monthly expenses as a member of parliament. Mr Lafontaine now must wait until tomorrow to see if he will survive the probable vote of no confidence.

criticism, not simply from political opponents, but also from senior members of the SPD. Ms Inge Wettig-Danielmeier,

the national treasurer, said pointedly that "everything which is legal is not necessarily legiti-

Although Mr Björn Engholm, the party leader, is standing by Mr Lafontaine, many believe that the party would be a more coherent opposition without

Mr Lafontaine yesterday fought back with tooth and claw, confounding his opponents with sta-tistics which left them more confused than persuaded, and insisting that if he had wanted to increase his income, he could have done so more easily by claiming a series of salaries for sitting on the boards of para-

### Delors likely to serve a third term

Continued from Page 1

The two most mooted candidates to succeed Mr Delors are unlikely to be available for the interim 1993-95 term. They are Mr Ruud Lubbers, Dutch prime minister, and Mr Felipe Gonzalez, Spain's prime minister. Both men have terms at home which they are likely to want to complete, and neither, officials insist, would volunteer as a stop-gap.

Mr Lubbers is understood to be interested in a full term after 1995, and Mr Gonzalez may well be. The Spanish premier appears to have the Euro-consensus. He has the support of Chancellor Helmut Kohl of Germany, who is no fan of the Dutch leader. All this is for the future. The question now is Mr Delors.

The former French finance minister is one of those people who excites immoderate praise or abuse. What distinguishes him is his ability to think long-term while immersed in the morass of EC detail. Before the EC can get started on the future, it needs a careful amalgam of vision and pragmatism. Mr Delors has been

Workaholic and temperamental, with narrow, steely eyes as likely to reflect amusement as anger, he is a social democrat who, if he were not French, would be a Christian Democrat. He combines a formidable intellect with the common-sense of the autodidact.

His achievements have come not so much through the relative power vested in his office as through his own projection. He can claim to have

relaunched the EC by settling the budget wrangles of the early 1980s, and pushing through the Single Market programme. Typically, this was only one of four ideas which he suggested to EC leaders before coming to Brussels

Before the Maastricht summit, Mr Delors denounced the shortcomings of the treaty. Yet when 10 of the 12 threw out the Netherlands presidency's attempt to bring new foreign and home affairs policies partially into Community decision-making, and Mr Hans van den Broek, Dutch foreign minister, was said by aides to be "in shock," Mr Delors persuaded him to concede imme-

Mr Delors has read the Community's mind well up to now. He and his peers, may have taken too much for granted about the mood of Europe's citizens. Sink-ing or swimming together, however, it looks very much as though he and they can still do

### watchdog critical of its role on Maxwell

By Raymond Snoddy and Norma Cohen in London

THE plundering of the Maxwell pension funds - from which more than 2400m was siphoned off before the death of Mr Robert Maxwell - has prompted a sharply self-critical report by the investment management indus-

try's own watchdog.

According to the confidential report, which is expected to be delivered to the government, imro, the self-regulatory body for the fund management industry, is believed to admit that it failed to set up any proper risk assessment procedures to iden-tify "problem cases".

The Securities and Investments Board, the City's chief watchdog, asked imro, whose members manage £300bn in pen-sion funds, earlier this year to conduct a review of its oversight of Bishopagate Investment Manent. BIM was the Maxwellowned fund manager which was apparently the instrument of the pension funds theft. Imro allowed it to operate under the more lax regulatory status given to in-house pension scheme fund MANAGERS,

News that Imro has been critical of its own performance as a supervisor came as it emerged that two prominent City firms should have suspected for more than a year before Mr Maxwell's death that they had been used in the disappearance of securities under their control, according to a writ filed in the High Court.

Imro was set up in 1987 with other City bodies to regulate relationships between clients and finance business. It was heavily attacked by a committee of MPs for its 'comic' and 'loadequate' performance in the Max-well pension fund scandal.

Imro's report is likely to encourage the 32,000 Maxwell company pensioners to press for government compensation.

The internal assessment by a member of the Imro staff is that the initial decision to admit the Maxwell fund to Imro supe vision in 1998 was reasonable in the light of the knowledge available at the time and because 1,200 schemes had had to be assessed in a short time.

The report is, however, critical of the fact that the first visit to check the working of the Max-well scheme did not happen until late 1990 and that it seemed to have been a routine affair.

The main criticism in the report — and one already leading to changes in the way imro views its work - is that there was no system for identifying pension funds in need of closer

mpervision. As a result it is likely that imro will try to develop a more investigative edge in future, perhaps by increasing resources and strengthening the staff.

Maxwell reports, Page 8

#### Maastricht

Continued from Page 1

find solutions, but we have to underline that we have to abide by the result of the referendum. The Danish No must be respected and we can't change it by declarations. A No is still a No."

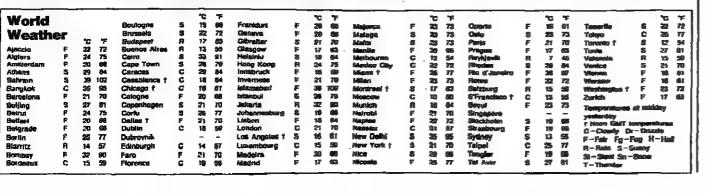
Officials in London made clear vesterday that Britain's proposal would be only one of several ideas to be discussed by RC Min-

isters in coming months.

They stressed that the British government was not proposing a renegotiation of the Maastricht treaty, but merely more detailed explanations of how it would work in practice.

In Paris the French government rejected any suggestion of adding new text to the treaty. Mr Douglas Hurd, the UK foreign secretary, raised the British pro-posals with Mr Roland Dumas, French foreign minister, during the first day of the state visit to France by Queen Elizabeth. Mr Dumas said the French gov-

ernment remained committed to the position agreed by the 12 last



#### THE LEX COLUMN

### Carsberg's last call

It is perhaps unfortunate that Sir Bryan Carsberg could not be per-suaded to be more forthcoming ahead of the BT secondary offering last year. Had he spelt out his thinking on pricing then, investors might have proved distinctly less enthusiastic. The review turns out harsher than expected, not only in terms of the price cap set at 7.5 percentage points below the rate of inflation, but also because of its interventionist tone.

BT will almost certainly have to live with the result. Sir Bryan, who vacates his post at the end of this week, has tied the hands of his successor to his "no-negotiation" approach, The alternative is a protracted Monopolies and Mergers Commission inquiry which could do considerable damage to a public company with a market share of 93 per cent.

It would not do to lose all sense of perspective. Sir Bryan assumes a rate of return well below the 19.3 per cent achieved last year, but the cost of his measures, amounting to hetween £100m and £150m, compares with annual profits of £3bn at present. BT has still to reap significant gains from its rationalisation programme. Com-pared with the industrial average it boasts a healthy dividend cover of

more than 2 times earnings. There is a nagging worry just the same. In requiring BT to lay 3.5m kilometres of optical fibre and to make digital services available to 99 per cent of customers by 1997, Sir Bryan is limiting management's freedom to decide the pace and application of invest-ment. BT will face only a moderate loss of market share at the end of the period. Indeed, the price cap may well prove a competitive constraint on Mercury. But BT looks like remaining at the mercy of a regulator bent on a view of his role which seems to go beyond competition. The shares may have a little further to fall as this point sinks in.

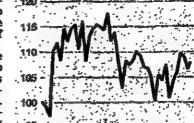
#### PowerGen

No doubt times are getting tougher in the electricity generation business. But PowerGen's disclosure of £38m of exceptional income yesterday is a reminder that monopoly profits are not necessarily extinct. The figure, which excludes a central overhead contribution, reflects the price extracted by the company for guaranteeing essential electricity supplies to the National Grid. At the very least it will interest Professor Stephen Littlechild, the industry's regulator, who is

### FT-SE Index: 2635.4 (-10.4)

Vodefone

Share price relative to the FT-A Alf-Share index



busy examining complaints from dis-tributors that these so-called uplift charges are excessive. It might even put pressure on National Power to set out its own numbers in more detail next week

Exceptionals aside, the underlying picture at PowerGen is what one might expect. For the moment it has guaranteed margins of 15 to 20 per cent thanks to its pre-flotation contracts, but has improved on that due to substantial cost reductions and increased direct sales to industrial customers. The market's focus, however, is on the re-contracting negotiations with British Coal on the one hand and the 12 regional electricity

companies on the other. PowerGen was anxious to assure listeners yesterday that all will be well and that the uncertainty should not be overplayed. But while this confidence should not be discounted, the longer the talks drag on the greater the danger that new terms will end up closer to the pool price. The generators may appear to have British Coal over a barrel, but the regional companies will surely be cautious until the regulator has made his position clear. Power-Gen's 11 per cent dividend increase puts the shares on an average market yield, which seems enough until con-firmation arrives that such rises can he sustained.

#### Vodafone

At some stage Vodafone will doubt-less reap the benefit of UK economic recovery. The timing, however, appears more alusive than it did when the company announced its interim results in November. Average revenue

per customer was £711 at the end of the financial year, above its nadir of £700 last summer but down on the £730 recorded a year earlier. The number of subscribers rose by 44,000 to 715,000 for the year as a whole, but the proportion who failed to renew their subscription increased to 24 per cent

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Against that background, Vodafone could claim to have done well in increasing annual profits by 11 per cent to £272m. There was a £5m boost from higher interest income, though, in turn a function of unusually low capital spend. On a historic multiple of more than 20, the shares seem to be discounting an implausibly strong

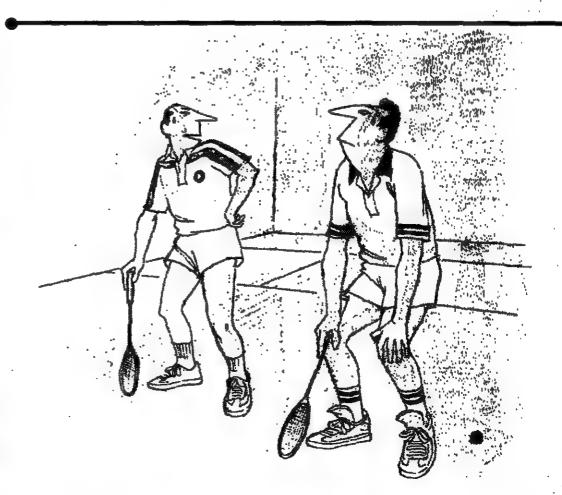
#### The Telegraph

The timing of The Telegraph's red herring prospectus had a certain piquancy, coming as it did just one day after the launch of an official investigation into last year's big news-paper flotation, that of the Mirror Group. There are many differences between Mr Conrad Black and Mr Robert Maxwell, the most important being Mr Black's unblemished reputation. In today's market, however, the sale of a minority stake in a national newspaper by a heavily indebted owner with

per by a heavily intented towner with a record of moving assets and liabilities from one part of his empire to another is bound to carry a discount.

Then again, the shadow of Mr Maxwell is perhaps the best reason for supposing the flotation will prove extraction. attractive. The prospectus bulges with the great and good: a viscount, five lords and three knights among the non-executive directors, with Cazenove and Rothschild as advisers. The safeguards for minority shareholders and pensioners are set out in detail. And if Mr Black were ever tempted to pitch the price high, fellow-directors such as the chairman of Rothschild, the managing director of Hambros and the deputy chairman of Barclays would doubtless remind him that making a fast buck out of Telegraph readers would hardly promote its long-term image as a stock.

The argument over price may hang chiefly on whether the valuation should be on the basis of yield or earnings. The former is suggested by a circulation figure almost unchanged since 1947, the latter by the cyclical nature of advertising revenue. Splitting the difference between a market yield and a market p/e points to a



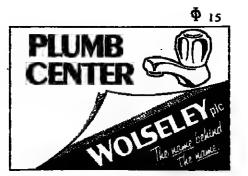
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Wednesday June 10 1992



Aetna Life

American

Re to LBO

to sell

#### INSIDE

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#### Black to cut control of Telegraph to 68%

Mr Conrad Black's Hollinger Group is to cut its share of The Telegraph, which owns the UK's largest selling quality newspaper, from 87 per cent to 68 per cent, according to the pathfinder prospectus issued for the share sale. Analysts suggest that the shares will raise about £85m (\$156.2m) for Hollinger, Page 16; Lex, Page 14

#### Heavy selling in Hongkong Bank

The share price of Hongkong and Shanghai
Bank came under heavy selling pressure yesterday — the price of HSBC Holdings fell to a
low of HK\$44 yesterday before recovering to
close at HK\$44.75 — HK\$2 below Monday's

#### Camouflage for computers

IBM is donning unfamiliar clothes as it moves to attack markets that have hitherto been beneath its lofty gaze. The world's largest computer manufacturer has unveiled a wholly-owned subsidiary to battle in Europe with low-cost "clone" personal computer makers. But camouffage dress seems to be the order of the day. Page 17

#### Vodafone to double expenditure

Vodafone Group, the mobile telephone group demerged from Racal Electronics, yesterday said it is to doubte annual capital expenditure to £120m (\$220.5m). Page 20; Lex, Page 14

#### **Gold lifts the winter gloom**

In recent years the gold market has taken on a seasonal swing, peaking in mid-winter and tall-ing to a trough in mid-summer. Several factors are seen by analysts as combining to bring about this trend, including: in the west, jewellery sales are concentrated before Christmas; Chinese New Year occurs in February; and the Indian wedding season runs from September

#### Turkey cleans up its image

it is not unusual these days for authorities at the Istanbul Stock Market to mount a surprise audit of one of the exchange's 110 brokers.

#### 'Encouraging' signs for Stakis



Stakia, the hotels and healthcare group where last year by Sir Lewis Robertson (left), chair-man, pointed to a 22 per cent improvement in operating profits from its core businesses as evidence that its fortunes were beginning to recover. The group made a pre-tax loss of

£3.89m (\$6.2m) for the six months to March 29, compared with losses of 245.1m last time after exceptional costs of £43.7m. Sir Lewis said that "the signs for next full year to September 1993 are at present encouraging". Page 20

#### Ti/Dowty

The item in this column yesterday on Ti's purchase of Dowly shares was a repetition. The full story appeared on June 5.

### Market Statistics

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Marston Thompson

#### Companies in this issue

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Pechiney PowerGen Powerscreen inti Regalian Props Rembrandt Scott Pickford **Stakis** Super Valu Swedish Melch Televerket The Telegraph 16 Unigate Vosper Thornycroft

Chief price changes yesterday

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### Framatome and Cogema to take lion's share in FFr2.2bn sale

#### By William Dawkins in Paris

tion of one of the world's leading

nuclear industries. Pechiney has agreed to sell most of its nuclear businesses by the end of the month to

at the end of 1994. Pechiney's withdrawal from

Cogema, the nuclear fuel retreat- for 3 per cent of its sales last ment group. The companies year, leaves France with two nuclear industrial groups:

Corema and Framatome. Mr Dominique Strauss-Kahn. industry minister, said the purpose was to simplify the industry's organisation to help it form international alliances.

Pechiney agreed to the dispos-als because it "did not have the right cards in its hand to follow its strategy in the long term" in Pechiney's withdrawal from that sector, said Mr Jean Gan-the industry, which accounted dois, Pechiney's chairman. The "fewer players, each with better defined powers", he said.

The businesses involved contributed between FFr130m and FFr140m to Pechiney's FFr820m profits and FFr2.2bn to its FFr74,4bn turnover last year. This does not include Cezus. which remains a Pechiney sub-sidiary, with Pechiney maintaining control of Cezus's titanium unit, until its disposal is complete in two years.

per cent. Mr Gandois said the cash would be used to reduce FFr400m to Cogema; FBFC, being sold for FFr900m to Framatome Cogema's sales, FFr21.7bn last

per cent thanks to the deal, while Framatome's nuclear-related tarnover, FFr8.5bn in 1990, will grow between 10 per cent and 15 Pechiney's more than FFr20bn borrowings. Most of the proceeds come from three companies: Comurhex, being sold for and Zircotube, which goes for

It could also mean a period of economic consolidation, in which

companies struggle to deliver

real dividend growth. On this

argument, fixed-interest instru-

ments - especially paper priced to reflect current interest rates

and offering a higher yield than

ordinary corporate bonds - are

again investments worthy of con-

Few have switched substantial

sums into fixed-interest securi-

ties. Most investors still expect

ordinary shares to out-perform

fixed-inverest securities in the

"The sterling preference share market is by no means unlimited.

There is still a select group of major institutions driving it," commented Mr David Karat, head

of capital markets at Salomon

But even a marginal increase

in buying of fixed-interest instru-

ments has opened up the sterling preference share market. In addi-

tion to recent issues by compa-mies and banks, building societies

have raised £460m over the past

year through issues of permanent

interest-bearing shares. Like pref-

erence shares, these are undated, pay a fixed rate and are deeply

If this trend continues, more

mainstream UK companies could

be raising permanent, fixed-rate

capital in either sterling or dol-

lars. There are certainly good

the capitalisation of enterprise

should not affect its value. In

reality, there is virtue in looking

commented Mr Stephen Cromp-

ton, treasurer at SmithKline Bee

cham, the UK-listed pharmaceuti-

at all forms of available central.

Academic theory states that

arguments for doing so.

Brothers in London.

By Nikki Tait in New York AETNA Life & Casualty, one of the largest US composite insur-ance companies, is selling its reinsurance subsidiary to a buy-out vehicle for approxi-mately \$1.4bn. The deal still requires regulatory approval but, if this is forth-

coming, the sale will represent a very rare leveraged transaction in the US insurance industry. The Life market has also been dormant, and this would be one of the largest deals seen for

The buy-out company, called American Re-Insurance, has been formed by Kohlberg, Kravis Roberts, the buy-out specialists, and the reinsurance subsidiary's

management. Aetna first disclosed that it was talking to KKR about a possible buy-out of the business in mid-April, and speculation on the price-tag had already centred

around the \$1.4bn figure. Under the deal, Actna will get \$1.21bn in cash at the closing date and up to an additional \$20m in December. Aetna also receives \$100m principal in subordinated notes issued by American Re-Insurance, and \$70m in 14 per cent pay-in-kind preferred

In addition, the US insurer will retain most of American Re-Insurance's UK-based operations, with a total book value of \$30m, and take around \$30m of ordinary shares in the buy-out company.

The deal will be financed by a

mixture of equity, bank facilities and publicly-traded debt securi-

KKR wild commitment letters had been received from Chase Manhattan, Continental Bank and Westner for senior bank horrowings of \$650m, and that \$350m of debt securities would be sold by Merrill Lynch.

The sale follows a string of restructuring and asset sale announcements by large US insurers, as they attempt to bolster their reserves and improve profits. Many, including Actua, property investments. A withdrawal from unprofitable business lines has also been wide-

Actna bought the reinsurance company for \$389m in 1979, and carries the subsidiary on its books at \$740m. Assets of Ameriean Re-Insurance at end-December were \$3.8bn, and 1991 profits totalled \$133m, having been flat for several years.

### Pechiney to dispose of nuclear units

THE FRENCH government has asked Pechiney, the state-controlled aluminium group, to sell its nuclear-related businesses for FFr2.2bn (\$400m), in a reorganisa-

Framatome, France's monopoly builder of nuclear reactors, fuel and related products, and

Casino to

buy food

interests

from rival

CASINO, the French distribution

group best known for its hyper-

markets and supermarkets, is creating one of the largest forces

in French food retailing by buy-ing the food interests of its com-

The details of the financing

have yet to be announced. How-ever, Casino, which has expan-ded rapidly in France through acquisitions, will pay for the Rallye businesses in shares.

After the deal is completed, Rallye's present shareholders will

own 30 per cent of the enlarged

Casino group.

The deal forms part of the

trend towards consolidation in

the French retail sector. Late last

year Pinault, the distribution

company, took control of the Au

Printemps group which includes the department stores and the

Conforama chain of furniture

Casino, which is chaired by Mr

The combination of the two

with annual sales of around

FFr65bn (\$12.2bn) and a work-

The new group, according to

Casino, will be the second big-gest food retailer in France after Carrefour. It will include 101

hypermarkets - 44 of which now belong to Rallys - 480

supermarkets, 2,344 mini-mar-

Casino said that the addition

of the Rallye businesses would

give it the size it needed to pro-tect its position in France, before

expanding in the European Com-

Mr Guichard recently

announced that Casino, which

made net profits of FFr531m on

sales of FFr42.4bn in 1991,

planned to invest FFr2.8bn in its

distribution activities.

The group has embarked on a

disposal programme - which

includes investments lu muna-

facturing, the Hippopotamus res-

taurant chain and petrol retail-

ing - to raise capital for

kets and 221 cafeteries.

ses will create a compeny

Antoine Guichard, is buying the food retailing and restaurant

interests owned by Rallys.

force of 57,000.

petitor, Rallye.

involved are Comurbex, a fuel-refining group, FBFC, a fuel producer, and Zircotube, which makes zirconium tubes for corrosion-resistant fuel claddings. Pechiney is also selling a 50 per cent stake in Cezus, the world's largest zirconium producer, to Framatome and Cogema, with an undertaking to sell them the rest

Simon London on the popularity of undated preference shares

### Companies stir a sleepy corner as they search for the Holy Grail

K companies and banks eager to bolster their balagain to undated preference shares to raise permanent capital, stirring an area of the capital markets dormant for 20 years.

In May, Commercial Union became the first UK insurer in recent memory to issue preference shares, raising 2100m (\$183.7m). This week Enterprise Oil is looking to raise up to \$300m by issuing preference shares in the US, the first UK non-bank company to raise equity capital like this.

Preference shares pay a fixed coupon like a bond but rank below all debt holders in the event of winding up. Interest payments can be suspended if the company hits trouble, absorbing losses like equity if dividend payments are passed. And because most preference shares do not have a redemption date, holders need never be repaid.

The only recent UK issuers of preference shares were banks, stimulated by the fine print of international banking regulation: other than ordinary shares, preference shares are the only instru-ment classified as "core" capital. Banks have driven the latest rash of sterling issues. National Westminster launched a £140m

preference share issue in Se ber last year, followed by Barings and Bank of Ireland. From the perspective of the UK company finance director, preference shares offer a simple way to

bolater the balance sheet without diluting existing shareholders.
"Everybody has been looking for the Holy Grail - an instrument which counts as equity on the balance sheet, yet is non-dilu-

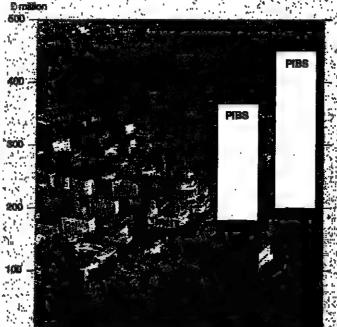
tive to existing shareholders," commented Mr Andrew Shilston, treasurer at Enterprise Oil. While the quest is not new, many more complex instruments designed to meet the objective have proved flawed:

 Convertible preference shares incorporating a put option allowing investors to sell the bonds back to the company at a premium — were issued by a number of high-flying UK compa-nies including Saatchi & Saatchi, Next and Hillsdown.

When the deal is completed, However, as shares fell from Rallye will be left with its cloththe peak of the late 1980s, invesing shops and sportswear compators demanded repayment rather nies, Athlete's Foot and Go than converting into ordinary shares. Supposed equity capital became a pressing liability.

 Galeries Lafayette, the French Convertible capital bonds are deeply subordinated in the mandepartment store chain, is launching a FFr718m offer for the remaining shares in Nouner of equity but do not contain the dangerous premium put velles Galeries, the retailing group that it won control of last option. Issuers include Sains year. A group of Nouvelles Gal-eries' main shareholders has bury, Tesco and Tarmac. The exact terms of issues vary. but even under old accounting

Undated sterling preference share leaves



comfortable presenting convert- sterling issuers is finding willing ible capital bonds as equity. buyers. UK institutions had little Under new rules proposed by the UK Accounting Standards Board, most convertible capital bonds will have to be accounted for as

 Auction-market preferred shares (AMPs) are a US invention, offering investors the chance either to sell their paper or demand a higher return at a

regular auction. The drawback for the company is that the cost of capital rises if it runs into problems. If an auction fails completely, with most investors looking to offload paper, the AMPs pay a punitive interest rate. Dividends can be suspended, but mount up for payment at a later date. Rank repaid \$200m AMPs last year when a decline in its credit rating increased the cost of capital.

s each of these structures has shown fragility. attention has switched to the old "plain vanilla" idea: fixedrate, undated preference shares. Moreover, as interest rates fall, the cost of new fixed-rate preference capital should also fail. This has already happened in the US. At current interest rates ster-

ling preference shares still look an expensive form of capital in the early years. But if companies deliver real dividend growth, fixed-rate preference capital soon becomes cheaper to maintain than ordinary equity.

The biggest hurdle for potential

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PERSONAL

### Life assurance shares rise after accounting change

rules auditors were not always

By Richard Lapper in London

SHARES AT leading life assurance companies yesterday rose on the news that London & Manchester had won approval for an innovative accounting change which will boost its profits.

Exeter-based London & Manchester expects its 1992 profits to be increased by at least £3m (\$5.5m) as a result of the change which will allow it to transfer profits contained within life assurance funds to its shareholders at a faster rate.

L & M closed at 286p, up 18p. Anticipating that other life companies may follow L & M's lead, the market marked Refuge up 15p to 705p, United Friendly by 11p at 418p, and Britannic 18p higher at 938p.

The accounting change allows L & M to offer shareholders quicker access to surpluses the reasonable expectations of investment returns

earned on investments from non-profit protection policies and unit-linked life policies.

The way that surpluses are distributed on with-profits policies will remain unchanged. Bach year L & M allocates 90 per cent of the surpluses earned on with profits policies to policyholders in the form of annual (or reversionary) and final bonuses (paid at the end of the policy period). The remainder is paid to shareholders. However with-profits policyholders also receive some of the surplus earned on nonprofits and unit-linked business

and will obtain lesser amounts from this source in future. Industry and the Government Actuary's Department that the revised basis is consistent with the requirement to ensure that

policyholders are met", although it will need to notify its withprofits policyholders of the Mr Tom Pyne, group chief exec-

utive, said: "Shareholders will get their proper earnings but more quickly. Profits had been earned but we couldn't release them from the life fund." He added the group's unit-

linked business was growing faster than with-profits policies and that the change would allow for quicker recognition of profits.

L & M's profits, which were £21.2m in 1991, have been adversely affected by problems on its mortgage book. Analysts L & M had won the approval of say the change should strengthen the UK Department of Trade and dividend cover. L & M also say the change should strengthen warned that rates of reversionary bonuses - paid to with profits policyholders each year - will have to fall as a result of falling

### tion and lower interest rates. **Higher Entry Level**

when they see one.

appetite for undated fixed-rate

instruments in the high inflation

years of the 1970s and 1980s.

Instead, they wanted equity-

linked paper - such as convert-

ible preference shares and con-

However, some institutional

investors now take the view that

sterling's membership of the

European exchange rate mecha-

nism should result in lower infla-

vertible capital bonds.

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### Galeries Lafayette seeks rest of unit | Telegraph

GALERIES Lafayette, one of of department stores, is launching a FFr718m (\$134.2m) offer for the remaining shares in Nouvelles Galeries, the retailing group it won control of last year after a fierce take-

Galeries Lafayette paid an estimated FF12.15bn last summer for a controlling 72.5 per cent holding in Nouvelles Galeries' voting shares. It is offer-

remaining 1.1m shares. Nou-velles Galeries owns a string of regional department stores and controls the BHV store in the Marais area of central Paris. A group of Nouvelles Geleries' major shareholders including Société Générale and Banque Nationale de Paris, the big French banks, and Devanlay, the textile group that bat-tied against Galeries Lafayette in last year's bid - have already accepted the offer.

Devanlay fought for two

months against Galeries Lafay-

ette for control of Nouvelles

up in the law courts. Galeries Lafayette is offering the same price - which is significantly higher than the FFe588 at which Nouvelles Galeries' shares were suspended yesterday - to the public reholders who control the

public tender offer. The offer for Nouvelles Galeries comes shortly after the takeover of Au Printemps, the chief competitor to Galeries Lafayette in the French depart-ment store sector, by Pinault,

remaining 496,298 shares in a

group. Other leading French department stores - including An Bon Marché, a subsidiary Mr Bernard Arnault's Agache, and Samaritaine are engaged in aggressive mar keting campaigns to protect

their positions. Galeries Lafayette, which has opened a flagship depart-

#### New York, recently forecast a doubling of net profits, from FF184.8m in 1990 to FF7177.2m in 1991, on total turnover of

### Powergen's 32% advance stirs criticism

By Angus Foster in London

POWERGEN, the smaller of Britain's two privatised electricity generators, yesterday announced a 32 per cent increase in profits for last year, above market expectations. Mr Ed Wallis, chief execu-

tive, said the increase was due to cost-cutting, price rises and a 50 per cent increase in direct sales to industrial users, "It's been a year of steady and substantial progress," he said. However, the results were condemned as a "scandal" by

Mr Frank Dobson, Labour's

shadow energy minister. The profits show that electricity privatisation has become a egalised racket with huge profits for the shareholders and massive pay and perks for the bosses," he said.

Powergen's announcement kicked off the reporting season for the privatised electricity industry. Labour is expected to keep up its attack as National Power, the other generator, and the 12 regional electricity companies report profit increases of up to 40 per cent, partly helped by one-off price

Mr Mehdorn said it had used

international currency futures

Powergen increased pre-tax profits from £272m (\$495m) to 2359m in the year to March 29, its first full year as a private company. Turnover increased 14 per cent from £2.65bn to £3.01bn, helped by average price rises of 9 per cent.

The company cut its work-force by more than 2,000 people to just over 6,000 during the year, leading to a 12 per cent increase in manpower productivity. Mr John Rennocks, finance director, said another 1,000 jobs would go "over the next two to three years". Exceptional provisions of 294m were made to cover future redundancies and ciosure of older power stations. However, the provisions were almost matched by exceptional profits of £88m from two power stations which were closed in March.

The company's shares fell 40 to 249p on profit-taking after a strong run.

Earnings per share increased 35 per cent from 23p to 31p. Powergen is recommending a final dividend of 6.2p to make a total of 9.25p. Last year a final dividend of 5.55p was paid due to the privatisation timetable.

#### **Deutsche Airbus turnover** climbs 18% to DM5.1bn

**By Daniel Great** 

markets in an attempt to limit DEUTSCHE AIRBUS, one of the two biggest partners in the consortium that builds Airbus civil aircraft, saw turnover rise 18.3 per cent last year, to DM5.1bn (\$3.2bn). Profits for 1991 were

DM42im, compared with a 1990 loss of DM376m. Profits this year, however, would be lower than in 1991, warned Mr Hartmut Mehdorn, president, despite higher sales.

He attributed the improve-

ment mainly to higher deliveries of parts for Airbus and Netherlands aircraft company, Fokker, as well as cost-cutting. The company is retaining

this year's profits to help rebuild equity capital and

### Fokker, Dasa talks on

By Ronald van de Krol

the effect of exchange rate fluctuations on its profits. Aircraft sold internationally are paid for in dollars and the Airbus programme accounts for 80 per cent of turnover. The company is 80 per centowned by Dasa, the aerospace division of Daimler-Benz. It has funds to finance the development of new aircraft.

been trying to establish more Airbus production lines in Germany. It said final assembly of the new Airbus model, the A319, would "strengthen the position of the German aeronautics industry in Europe". Dasa will acquire the 20 per cent of Deutsche Airbus it does not own from the state-owned Reconstruction Loan Corp

transfer deal progressing

FOKKER, the Dutch aircraft builder, and Deutsche Aerospace (Dasa) of Germany, reported yesterday that they have made progress in negotiations aimed at a transfer of a 51 per cent stake in the Dutch company in return for fresh

After talks in Amsterdam, the two sides reaffirmed that Fokker would be the "lead company" in the regional aircraft segment, but they also underscored that Dasa would have "industrial leadership" of the overall partnership. This formula, which accords leadership roles to both companies, is emerging as the most promissensitivity to the transfer of one of the country's premier industrial companies into foreign ownership.

The talks which began in March, have been hampered by a seeming difference in interretation of Fokker's role in a luture European aeroplane building consortium. The controversy has fanned national sentiment in the Netherlands against the proposed deal. The two companies said the

talks would be concluded before the summer holidays.

The Dutch government. which owns 32 per cent of Fokher, is prepared to see a majority of Fokker's shares pass into German hands, but it is keen company's future role.

### issues pathfinder prospectus

By Maggie Urry in London

THE OFFER for sale of The Telegraph, which owns the UK's largest selling daily quality newspaper, will cut the stake held by Mr Conrad Black's Hollinger Group from 87 to 68 per cent. Hollinger will not then sell more shares, at losst until the next accounts

The pathfinder prospectus issued yesterday promised investors a 10p net dividend for the current year, up from pp for 1991. The prospectus shows that earnings per share for 1991 were 25.4p, or 20.3p on a fully-taxed basis. Pricing of the offer will be amounced in the final pro-

pectus, to be published on June 23. But analysis yester-day suggested the shares mer-ited around a market rating. That indicates a value for the group of around £440m (\$792m), with Hollinger ralsing about £85m. No new

theres are being issued. Trading prospects for the group depend for the foresee able future, the prospectus says, on the main titles' ability to increase advertising revenne which has been depressed in the recession. Pre-tax prof-its were £40.5m in 1991, up from COS.5to in 1990 and near to the 1989 peak of £41.5m. Analysts said the offer

should not suffer seriously from Monday's sunouncement that the flotation of Mirror Group Newspapers will be the subject of a Department of Trade and Industry investiga-tion. Mr Black mid be felt it his duty to look at buying the Mirror has wes not enthusias tic at the prospect

Applications in the public offer will close on July 1 and dealings should commence on July 8. Half the 28m shares to be sold will be offered to the British public. The rest of the shares will be placed with institutions, mainly in the UK but also in Canada. NM Rothschild is the mer-

chant bank to the lesse and Cazenove and Panmure Gordon are the brokers.

### Viag takes stake in Swiss shipping, freight concern

By Christopher Parkes In Bown

VIAG, the fast-growing German conglomerate, is to enter the international shipping, freight and warehousing business through the purchase of a one-third stake in Kühne Magel (RAN).

The German group, which is understood to have an option on a further 10 per cent, will shephard the Swiss-based concern to a flotation within the next three years. Terms were not disclos

The deal constitutes a rapid change of partners for Mr Klaus-Michael Kühne, sole owner of K&N since the start of this year, when he bought back a 50 per cent stake held by the Loncho group.

"advice and protection" in preparation for going public. according to sources close to

K&N sales last year rose 13.4 per cent to SFr4.8bn (\$3.3bn), although net income fell 43 per cent to SFr19.6m because of a one-off SFr23m charge related to a reduction of the company's stakes in transport companies in Spain and Italy.

For Viag, the move lifts its tally of "core" businesses to eight. It presently relies on electricity and gas production and distribution for around half its earnings. Other mainstream operations include are aluminium and chemicals, refractory products, glass, packaging and trade. Group sales and earnings rose over 20

mainly to acquisitions The group's diversification programme, which has gathered pace since the state sold its 60 per cent stake five years ago, is designed to iron out the cyclical bumps in markets such as chemicals and aluminium and extend its earnings base outside Germany, which last year accounted for 54 per 5 whole od dist

\$1.1bn

garian inst

found lines

cent of sales. K&N, which makes most of its profit from ocean freight, also has more than 1m square metres of warehousing and owns a modern container terminal in Rotterdam. The company has 400 offices in 70 comtries and employs more than 9,000. Its Nacora subsidiary runs 16 insurance broking

### Bank to buy Aérospatiale holding

CREDET Laconnais, the French state-owned bank, has agreed to take a minority stake in Aérospatiale, the debt-laden, government-controlled aircraft

The investment is likely to attract the scrutiny of the European Commission in its continued vigilance against state industrial subsidies, though Brussels is unlikely to block the scheme if it conforms

to a previous judgment.
Although Crédit Lyonnals and Aérospatiale said they had agreed on the cash injection in principle, they would not con-

firm French press speculation that the bank would pay FFr1.5bn (\$280m) for a 10 per cent stake in the aircraft Club Med sees

(the "Company")

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7% Convertible Bonds Due 1995 and

U.S. \$50,000,000

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Yen 20,000,000,000

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6%% Notes Due 1996

U.S. \$500,000,000

4%% Bonds Due 1992,

U.S. \$500,000,000

4%% Bonds Due 1993 and

U.S. \$320,000,000 **4%% Bonds Due 1994** each with Warrents to subscribe for

maker. However, an Aérospa-tiale official said: "Those figures are not ridiculous." It was up to the French Treasury to decide the financial details, said both companies.

Aérospatiale needs cash because heavy industrial investments in recent years have driven up its net debts to FFr14bn, just over twice its FFr6.8bn shareholders' funds. Profits recovered last year, to FFr218m net, from a FFr396m loss in the previous year but, new orders fell 50 per cent.

A cash injection of the size envisaged will not dramatically improve Aérospatiale's balance sheet. Yet any reduction in the pressure on its spending is likely to be welcomed by its partners in the Airbus consortium, where a squeeze on

jeopardising the development of a new European airliner.

Brussels last year examined similar funding operations, in which Crédit Lyonnais took a stake in Usinor Sacilor, the government-owned steel group, and Banque Nationale de Paris (BNP) invested in Air France, the national airline. In November the commission found the Ustnor Sacilor deal was not a disguised state aid, but has yet to complete its examination of BNP's investment. The bank claim these are commercial investments, which they would have made even if the state did not own the parties involved. The government argues the state has the same right as a private shareholder to fund

### FFr240m profit

CLUB Mediterranée, the French leisure group, estimates it will have not attributable profit of FFr240m (\$45m) and turnover of FFrs.4bn in the 12 months to October 31 this year, Renter reports from

The company also estimates

#### NEWS IN BRIEF

it will have a net attributable profit of FFr20m on turnover of FFr3.8hn in the first half of fisral 1993.

Last year, Club Med posted a net attributable loss of Fer17m on sales of FFr7.6bn.

■ REPSOL, Spain's state-owned petrochemicals company, will

concentrate in coming future years on expanding international operations, but has no intention of diversifying from existing activities, Mr Oscar Fanjul, the chairman, said yesterday, Reuter reports from

companies in need of cash:

"To date we have consolidated in Spain but now international expansion will be a basic goal," he told the annual meeting.

All of these securities having been sold, this announcement appears as a matter of record only.



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Persuant to Chessas 4(A) and 4(B) of the instruments relating to the above issues of the rules of the Lax-embourg Stock Exchange, notice is bereby given that Mpy Stainless Steal Co., Ltd. ("Nippon Stainless") entered into a merger agreement of Stamitomo Metal Industries, Ltd. ("Sunitomo Metal") on 7th May, 1992 (Japuz tit the same is bereinsize applicable) under which Nippon Stainless shall be may into Sumitomo Metal.

Search of the design agreement, all rights, obligations, essets and business of Nippon Stainless (Including all the obligations of Nippon Stainless under the above-captioned Notes and Warrants) will be transferred to Sumitomo Métal on the October, 1992, subject to the commencial registration of the merger being made with the appropriate Legal Affairs Bureau under the Commercial Code of Japan. Such registration is sepected to be made in the sucond ball of December, 1992, whereupon Nippon Stainless will be dissolved and Sumitomo Metal will be obligated to pay principal of, and interest on, the Notes.

Nippon Stainless Steel Co., Ltd. By: The Sumitomo Trust and Banking Company. Limited London Branch Deted: 10th June, 1992

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#### INTERNATIONAL COMPANIES AND FINANCE

### **US** wholesale food distributors in \$1.1bn merger

By Nikki Tait in New York

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TWO of the largest wholesale food distributors in the US -Super Valu and Wetterau yesterday announced plans to merge their operations in a deal said to be worth around

Assuming the transaction goes ahead, the combined company would rival Oklahomabased Fleming Companies as the nation's largest wholesale food distributor. Fleming serves over 4,800 food retail outlets in some 36 states, and had sales in 1991 of almost

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The merging companies said yesterday that the rationale behind the deal was potential operating efficiencies and greater geographical spread. Under the outline merger

agreement, Super Valu would make a cash offer of \$30.20 for each Wetterau share, valuing the common stock at \$643.3m. It would also take on \$440m of outstanding Wetterau debt, creating the overall \$1.1bn price tag.

Ahead of this transaction,

Missouri-based Wetterau would also "demerge" its Shop 'n Save subsidiary, distributing 70

shares to existing Wetterau shareholders and retaining the remaining 30 per cent.

Shop 'n Save comprises a chain of 28 "superwarehouse" food retail outlets, based in eastern Missouri and Illinois. Its annual sales are approximately \$500m; operating profits are about \$10m.

At present, Super Valu supplies around 2,650 supermarkets and food retail outlets in 31 states. Most of these stores are operated by independent retailers. The chain also has around 105 retail outlets of its own. Total sales last year were

Wetterau, meanwhile, distributes food and non-food products to about 2.850 retailers and over 1,200 institutional customers, covering 29 states - mainly in the midwest, New England, mid-Atlantic and

Shares in Wetterau, quoted on the NASDAQ over-the-counter market and currently ranking as the nation's thirdlargest grocery wholesaler, jumped \$6% to \$30% yesterday, largest food distributor, lost

#### Hungarian insurer hit by thefts and 'inexperience'

By Nicholas Denton in Ballsaret

HUNGARIA Biztosito, the Hungarian insurer in which Allianz, the German insurance group, has acquired a majority stake, lost Ft8.5bn (\$108m) on its car insurance business in the last financial year.

The company blamed the worse-than-expected results on a share rise in crime in Budapest, where car thefts have increased to between 60 and 100 a day. "We were not pessimistic enough," said Mr Ferenc

Kiss, a Hungaria director. However, insurance industry officials said the loss was due to the company's inexperience in Western underwriting prac-tices. Hungaria had taken on business at premium levels well below the cost of reinsurance on the international mar-

ket, they said. Mr Christopher Gore, direc-

leading independent broker, said that insurance had attracted the largest foreign capital inflow of any sector in Hungary, The combined lack of expertise and the risks of the business have resulted in "disaster", he said. Foreign investment in Hun-

garian insurance is over \$500m. Twelve western companies have acquired former state insurers or set up new subsidiaries, funding the losses that these investments have almost invariably made.

In the most recent acquisition, Aegon, the second largestinsurer in the Netherlands. took a 75 per cent stake in Allami Riztosito, a state-owned Hungarian insurance concern, for a reported \$50m.

Allianz has built up a 58.5 per cent of Hungaria in two stages over the past three

#### Danzas declines 19% but expects early recovery

**DECLARATION** 

**OF DIVIDENDS** 

The following companies have declared final dividends, in South African currency, payable to members registered in the books of the companies concerned at the close of business on 26 June 1992:

Warrants payable on 5 August 1992 will be posted on 4 August 1992. Standard conditions relating to the payment of dividends are obtainable at the share transfer offices and the London Office of the

Requests for payment of the dividends in South African currency by members on the United Kingdom registers must be received by the companies concerned on or before 26 June 1992 in accordance with

The registers of members of the above companies will be closed from

per pro GOLD FIELDS CORPORATE SERVICES LIMITED

The following companies have not declared final dividends:

Name of Company
(All companies are incorporated in the Republic of South Africa)

Deelkraal Gold Mining Company Limited (Registration No. 74/00160/06)

Driefontein Consolidated Limited (Registration No. 68/04880/06)

Kloot Gold Mining Company Limited (Registration No. 64/04462/06)

27 June 1992 to 3 July 1992, inclusive.

Liberon Gold Mining Company Limited

Venterspost Gold Mining Company Limited

(Registration No. 05/24709/06)

(Registration No. 05/08381/06)

(Registration No. 05/05632/06)

Doornlontein Gold Mining Company Limited

By lan Rodger in Basie

DANZAS, the transport services group, said its group pre-tax profit tumbled 19 per cent last year to SFr46m (\$31.7m), because of squeezed margins in France and organisational problems in Basle and

in Austria. Mr Bernd Mensinger, chairman, forecast a recovery this year, but warned that next year's profits would be burt by the elimination of customs procedures between European

solidated group revenues in 1991 rose 13.9 per cent to SFr10.2bn. Other group figures merely represented compila-tions, not a true consolidation. Mr Peter Wagner, finance director, said. Full consolidated figures would be published for

1993 results, he said. The parent company, which covers operations in Switzerland, parts of France and almost all of Italy, had net income of SFr14.3m in 1991, up 6 per cent. Sales rose 11.8 per

cent to SFr3.8bn. Mr Mensinger said Danzas Community countries.

As usual, Danzas revealed a would decide early next year curious mixture of group and on whether to simplify the parent company figures. Conterms covering shareholdings.

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### European telecom venture

By Ronald van de Krei

TELEVERKET and PTT Telecom, the Swedish and Dutch state owned telecommunications companies, have signed up Sprint, the US telecommunications carrier, as their first partner in a venture aimed at providing Europeanbased multinationals with internal communications networks on a global basis.

Under a preliminary agreement with the US company, the 50-50 Dutch-Swedish joint venture, called Unisource, will also buy an unspecified amount of Sprint equipment as part of its efforts to build telecommunications networks for **European-based international** 

Sprint will not be taking an equity stake as part of its involvement in the joint ven-

Unisource said yesterday it was also negotiating with an mnamed Asian certier about participating in the telecom-

The Dutch-Swedish joint venture, which was first announced in October under the provisional name Unicom, is scheduled to be fully operational on September 1, when services in the UK, Germany, Sweden and the Netherlands

will begin. Unisoarce's network will be extended to Belgium, France, Norway, Denmark and Finland later this year, with southern Europe soon to follow.

Global coverage is planned from 1993 through SprintNet, the US company's worldwide data network.

Unisource officials said the joint venture marked the first time that telecommunication companies anywhere had agreed to pool their international activities in a company which will operate at arm's length from both parent com-

The company's services will range from data network services to messaging services such as "fax store" and "fax forward".

The joint venture, which podertines Swedish and Dutch ambitions to expand beyond their limited home markets, hopes to capture 20 per cent of the market for pan-European business communication net-

Unisource estimates this market is worth an annual double over the next three to

#### United to match Delta fare cuts

UNITED Airlines of the US said it was matching rival Delta Air Lines transationtic fare cuts in markets where the two compete, Reuter reports

from Chicago.
On Monday, Delta said it would cut prices on first class, business and full eeach tickets by as much as 45 per cent.
United has 136 weekly
flights from the US to Europe.
A spokesman for AMR,

American Airline's parent, said the company was still studying Delta's fare cuts.

### Sprint joins | IBM dons a different suit of clothes

Michiyo Nakamoto and Alan Cane on attempts to break into the low end of the market

NTERNATIONAL Business Machines (IBM) is donning unfamiliar clothes as it moves to attack markets that have hitherto been beneath its lofty gaze.

Last week, the world's largest computer manufacturer unveiled a new, wholly-owned subsidiary to battle head-tohead in Europe with low-cost "clone" personal computermakers.

But camouflage dress seemed to be the order of the day for the new company.

Mr Bill McCracken, general manager of IBM Europe's Personal Systems Business Unit, stood in regulation navy blue suit beside Mr Alan Willsher. the head of the new European subsidiary, Individual Computer Products International (ICPI).

"Notice the difference between IBM and ICPL," he said, drawing attention to Mr Willsher's plaid jacket, blue shirt and yellow tie. He was underlining the independence of IBM's new venture from its big and bureaucratic US par-

ICPI was launched in the UK recently with the aim of taking IBM firmly into the low end of the PC marketplace. It is an area where the indus-

try's largest manufacturer is both weak and under sharp attack from "clone" makers which assemble PCs from standard components that are functionally similar to IBM's machines but significantly

These manufacturers benefit from lower overheads and less need to carry out expensive research and development. Over 3,000 clone manufacturers operate in Taiwan alone.

There are, however, questions over the quality of these products compared with established industry brands such as

IBM, Compaq and Olivetti.
The establishment of ICPI is belated recognition by IBM that brand awareness is ranidly giving way to price as a differentiator at the lower end of the PC business and that it has to change radically to protect its markets.

"It is time for the computer industry to recognise that computer buyers, like other human beings, do not make buying decisions for purely rational reasons. How can they when all low-cost PCs are virtually the same?" says Mr Willsher. IRM's share of the overall PC

about 40 per cent a decade ago to about 12 per cent; in the UK alone, its share has fallen from 26 per cent in 1989 to 15 per cent today

But growth is fastest at the low end, where machines are priced in the UK at less than

market has plunged from

£1,000 (\$1,830), and expanding at a rate of 45 per cent a year in Europe, against 21 per cent for the whole PC market, according to Mr Willsher. There has also been a marked change in the way PCs

A growing proportion of PCs are sold through direct distribution, that is, telesales and mail order, rather than through dealers. IBM has been slow to exploit these unfamiliar product channels.

are distributed.

IBM's new venture is small, with just 45 employees initially. The aim is to be flexible and responsive to the market-

It will source its products on the open market, selling a subsidiary with no overt con-



Alan Willsher: head of the new European subsidiary

through a combination of nection with the parent is dealer and retailer and direct distribution.

The new venture has been established in the UK, but it is seen as the beginning of a world-wide development. A similar venture has been launched in Canada, and a French operation opens next

IBM is not alone among quality manufacturers in trying to break into the low end of the market. Compaq, a leader in high-performance systems, will launch its own low-priced range on June 15, backed by a

\$10m advertising campaign.
It will sell these systems under its own name, however. while IBM's decision to set up explained by the dilemma it faces in this area of the market. It has to compete on price, but if it sells "clones" which prove less reliable than its traditional product range under its own name, its credibility across its entire range will be

ithout the IBM con-nection, however, it is difficult to see what the new range, called Ambra, has to differentiate it from any other range of clones. Furthermore, it already has low-priced machine, the PS/1,

intended for home use, with which the Ambra range could be in competition. IBM is putting its faith in

advertising to create brand awareness for Ambra.

The group has started a multi-million pound advertising campaign with the help of Bartle Bogle Hegarty, creators of the Levi jeans commercials, which will promote the products as "a desirable brand that

appeals to the individual." The campaign involves television commercials and fullpage advertisements in national newspapers, and its theme concerns athletes striving, a far cry from the Charlie Chaplin commercials which launched IBM's first PC.

Competitors are delighted with the campaign, which they believe will help create awareness for the whole market sec-

But they see little threat in the new range. Amstrad points out that one of the UK leading high street retailers - Dixons - has decided not to stock Ambra, apparently because of a possible conflict with IBM's existing range.

Elonex, another leading UK PC maker, points out that Ambra products are not

aggressively priced.
An Elonex machine of similer configuration to an Ambra computer could work out £75, or almost 10 per cent

The services and support ICPI is promoting as a sign of its reliability are already being offered by companies such as

So the key must be IBM's marketing muscle. But is Bartle Bogle Hegarty's appeal to aesthetic and lifestyle preferences the answer: "they're only PCs, for heaven's sake," said one commentator scorn-

#### Japanese life companies set back by Tokyo stock losses

JAPAN'S big life insurance companies, hit by steep drops in Japanese shere prices and interest rates, posted sharp declines in their returns on investment in the year to March 31, Reuter reports from

With the Tokyo stock market showing no signs of recovery and premium income growth slowing, the life insurers would continue to pump much of their new money into domestic loans to secure stable returns, according to industry officials.

The eight leading life insurers announced their business results for 1991-92 yesterday . Return on investment at the 4.75 per cent to 6.13 per cent, panies.

down more than one percentage point from a year earlier.
"The gaps between insurers are widening, and will con-tinue to widen, based on their skills as investors," said an official at Meiji Mutual Life Insurance.

Assets at the eight insurers rose to Y110,810bn (\$875.47bn) in 1991-92, an average growth of 8.5 per cent and the slowest rate since the Second World Officials ascribed the slow

tempo to lower sales of savings-oriented insurance products and poorer returns on investment. The eight companies account for more than 75 per cent of the assets held at

With "risky" securities holdings at high levels, the investment heavyweights trimmed their foreign currency assets by an average 1.6 per cent in 1991-82 to Y17,110bn at end-

Dai-ichi Mutual Life Insurance and Meiji Life bucked the trend, increasing foreign assets by 8.0 per cent and 4.6 per cent, respectively. However, Nippon Life Insurance slashed overseas assets by 8.6 per cent, Sumitomo Life Insurance by 9.5 per cent, and Asabi Mutural. Life Insurance Co by 1.2 per

ers were cautious about domestic equities because of low since the 225-share Nikkei officials.

average index fell about 28 per cent in 1891-92 Nippon Life cut its holdings

of foreign securities to Y3,380bn in 1991-92 from Y3,500hm a year earlier. As a result, foreign securities as a share of assets fell to 11.7 per cent at the end of March, from 13.1 per cent a year earlier. The sharp decline in Japanese share prices in 1991-2

forced the eight life insurers to take a securities write-down of Y1,870bn, an increase of 135.3 per cent from a year earlier. Life insurers would remain net stock buyers in the current year since they expected their assets to grow, but would

remain captious about equity

said his company would continue to allocate new money mainly to domestic loans and domestic bonds in the 1992-98 financial year. Unrealised share profits at the eight insurers fell to

An official at Nippon Life.

Japan's largest life insurer.

Y8,430bn at end-March from Y21,610bn a year earlier. After the write-down of securities and plunges in unrealised profit in shareholdings the eight insurers will cut dividends to policy-holders in

"It is a sign that Japanese different dividends to policyholders in future," said Katsu-

### Rembrandt associates limit earnings growth to 8%

By Philip Greath

REMBRANDT, the South African tobacco group, has posted a modest increase in earnings of just under 9 per cent for the year to end-March as weak results from associate companies held back its overall

performance. Net income before tax rose by 22 per cent to R1.17bn (\$416.3m), with the after-tax figure up by 21.4 per cent to

These figures primarily reflect the performance of the

group's unlisted tobacco interests, the diversified industrial group Huntcor and interest income. The pre-tax figure also includes R221.3m of dividend

Analysts estimate that tobacco earnings grew by 10 to 12 per cent and that interest earnings were boosted considerably by the sale last year of Rembrandt's stake in the Stanbic banking group.

The group's share of net income retained by associates dropped by 16 per cent to R269.9m. The decline reflected

the poor performance of the

Gold Fields, in which Rembrandt has a 17.4 per cent stake reported flat earnings in the six months to December,

Rannings per share were up by a similar margin at 180.3 cents, with a total dividend of 32.6 cents a share. A special while Gencor's earnings were

26 per cent down in the year to February. Rembrandt has a 25.2 per cent stake in the parent, Gen-

cor Beherend There were also weak performances from other Rembrandt industrial associates, including Huntcor, Dorbyl and Metkor.

As a result net income from Rembrandf's normal hustness

**TELECOMMUNICATIONS** 

IN BUSINESS

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Philip Dodson

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Data source: \* Chief Executives in Europe 1990

The FT proposes to publish this survey on

group's mining and industrial operations was only 8.8 per cent higher at R941.1m.

dividend of 30 cents a share was also declared earlier this

The results are modest by Rembrandt's standards, reflecting the weak state of the South African economy. Most of the growth appears to have come from tobacco operations. Rembrandt has about an 80 per cent share of the South African

#### Banc One sees no further deals this year

Nikko Research Centre.

BANC ONE, the US banking group, is unlikely to make another acquisition this year, Mr John McCoy, chairman, said yesterday, Reuter reports from Milwaukee.

"I think the likelihood of us doing another transaction is less than 10 per cent" this year, Mr McCoy said after a speech to the Wisconsin Bankers'

Banc One recently announced it would acquire West Virginia-based Key Centurion Bancshares in a transaction valued at about \$536m, or \$22 a share.
That announcement came on

the heels of news in April that Banc One was acquiring Arl-zona-based Valley National Corp.
Under the leadership of Mr

McCoy, Banc One has been concentrating on a conservative lending policy in the retail banking sector and has main-tained a return on assets that is among the highest in US

banking.
Last year, Banc One bucked
the national trend by turning in a 25 per cent increase in net profits, to \$529.5m.

NORWAY

in Europes largest companies.\*

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The FT proposes to publish this survey on June 26th 1992. The survey will be included with every copy of the FT on that day and will reach over million readers in some 160 countries world wide. In Europe alone, research shows that 54% of Chief Executives of the largest Companies read the Financial Times.\* To reach this important audience with your

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#### Yukong Limited

(Incorporated in the Republic of Korea with limited liability)

#### Notice

to the Warrantholders to subscribe for Common Shares of

#### Yukong Limited U.S. \$75,000,000 5½ per cent. Bonds due 1996 with Warrants

NOTICE IS HEREBY GIVEN to the Warrantholders that as a result of the grant by the company to holders of its shares and to employees of rights to subscribe for up to 3,012,000 shares of common stock of the Company described in the Notice given to the Warrantholders on 10th April, 1992, the existing Subscription Price per share of common stock of the Company has, pursuant to the provisions of the Instrument constituting the Warrants, been adjusted from W27,350 to W27,041 with effect from 25th April, 1992 the day effor the proof date in respect of the above grant!

(the day after the record date in respect of the above grant).

London Office: Francis Street London, SW1P 1DH

United Kingdom Registrar: Bardays Registrars Bourne House 34 Beckenham Road Beckenham, Kent, BR3 4TU

By order of the boards

S. J. Dunning, Secretary

London Secretaries

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constitute an offer or an invitation to subscribe for or purchase any securities of the Corporation.

**Dana Corporation** (Incorporated with limited liability under the laws of the commonwealth of Virginia in the United States of America)

Placing by Merrill Lynch International

> Limited of up to 4,600,000 shares of Common Stock

Application has been made to The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The London Stock Exchange") for admission of the shares of the Corporation to The

Listing Particulars relating to the Corporation are available in the Companies Fiche Service and may be obtained during usual business hours (Saturdays and public holidays excepted) from 12th June, 1992 until 29th June, 1992 from The Company Announcements Office, The London Stock Exchange, London EC2N 1HP and from 12th June, 1992 until 22nd July, 1992 from:

> Merrill Lynch International Limited . Ropemaker Place 25 Ropemaker Street London EC2Y 9LY

Dated: i0th June, 1992

#### INTERNATIONAL COMPANIES AND CAPITAL MARKETS

### Hongkong Bank shares hit heavy selling pressure

By Simon Holberton in Hong Kong

THE SHARE price of Hongkong and Shanghai Bank came under heavy selling pressure yesterday as arbitrageurs quit their holdings, analysts

At the same time, the share-holders of the bank approved resolutions at an extraordinary general meeting which gave management the authority to make its share and cash bid for Midland Bank.

The meeting - which lasted 15 minutes and at which no questions were asked also revoked the board's right to restrict individual shareholders to owning no more than 1 per cent of the bank. The price of HSBC Holdings

fell to a low of HK\$44

yesterday before recovering lightly to close at HK\$44.75 -HK\$2 below Monday's level. 471p valuation a week ago

On the Hong Kong closing price, the Hongkong Bank's offer for Midland valued each share at 440p, down from the when 60p cash was injected into the bid to make it more

Hongkong Bank

in Hongkong Bank and Midland's share price reflected traders selling the stocks because a higher bid from Lloyds for Midland did not materialise. Holders of HSBC were betting on it with-drawing in the face of a higher Lloyds offer for Midland.

Those who may want to buy HSBC, because they man-age funds linked to the FT-SE Share Index or the FT All Share index, were unable to until the merger was consummated, analysts said.

"Investors who will be compelled to buy HSBC can't do so for two weeks and for an arbitrageur that's too long," said Ms Laura Grenning, banking analyst at Smith New

Mr William Purves, Hongkong Bank's chairman, speak-ing after the extraordinary general meeting, said it was difficult to say why the bank's share price fell, though he thought the weakness would he short-term.

"Maybe there is some arbitrage going on, a little profittaking. Some say disappointed people in London are selling,"

### Spearheading a leading continental role for Germany

David Waller examines Rolf Breuer's campaign to enhance the country's strengths as a financial hub

main board director of Deutsche Bank: among other things, he is responsible for the bank's securities activities. He is also a leading figure in the campaign to enhance Germany's strengths as a

From his office high up in one of the bank's two Frankfurt skyscrapers, he says: "I would like to see Germany as the leading financial centre in continental Europe in close

co-operation with London.
"Our ambition is not to be better than London - we must stick with what is realistic, and it would be illusory to think we could overtake London given that city's traditional advantages. To be the leading financial centre on the continent is more realistic."

Mr Breuer's campaign bore fruit in January this year. The government in Bonn announced plans to set up Ger-many's first nationwide regulatory body for the securities industry. It said it would introduce an insider dealing law by the end of the year. It backed plans for a central stock market for the whole of Germany, and lent its support for further computerisation of share trad-

These proposals emerged in the form of policy document written by Mr Theo Waigel, the finance minister. A day later, Chancellor Helmut Kohl visited the Frankfurt stock exchange - his first visit to

Germany's largest bourse - a powerful symbol of government support for what Mr Brever and other financiars are trying to achieve. There has been further suc-

cess within recent weeks. Germany's eight stock exchanges abandoned age-old hostilitles and agreed to form Deutsche Borse - a stock exchange for Germany. It is hoped that this will reduce inefficiencies and make it more attractive for foreign investors to buy German shares via Germany - rather than via London, as happens for a significant proportion of turnover in the shares of Germany's biggest companies. Work on further computerisa-tion of the stock market, supervised by the McKinsey consultancy company, continues

But, according to Mr Breuer, "there is still a lot to do". He acknowledges that Frankfurt's reputation was damaged last year by insider dealing allegations levied against the broking community. "What we need first of all is better supervision," he argues. "We had a lot of what you might call 'mishappenings' in the summer of last year, and this stimulated an international discussion about the moral standards of Germany as a financial can-

Buzzwords of the debate were 'insider dealing' and 'front-running' [a practice whereby brokers allegedly place personal buy orders



ahead of executing client's trades, thereby benefiting from sharp price movements). There was doubt, especially in the press, as to whether Germany's securities industry managed conflicts of interest in a fair

and proper way.

"The problem has to be solved in a way which adds to the reputation of Germany as a financial centre. An essential part is to establish a central-ised supervisory body, a body with real teeth — one which

Rolf Brener: 'To be the leading financial centre on the Continent is more realistic' really gets into things, which the drafts into the parliamen tary procedures. The credit is respected, even feared by market participants. For this we need the government to act, institutions are very interested in a speedy procedure ~ we need to have it." and in January this year, it did

However, he acknowledges Mr Breuer is confident that that the plans may be held up the timetable can be kept to, with a new body and insider dealing law by the end of the year. "Drafts of the relevant as a result of a dispute between Bonn and Germany's state (Länder) governments. The latter are at present rules are already in the minisresponsible for policing the tries, complete and ready to be discussed by parliament. It is and there is reluctance to cede powers to central govern-

may be needed is an institutional structure which establishes a central office in Bonn but which leaves day-to-day policing of the market to the

ments. Mr Breuer says what

hatever the final thinks the new authority will only succeed if it is a "quasigovernmental" body staffed not by civil servants but by senior figures from the market who are paid market salaries. This new body and the insider law will be the government's contribution to "Project

their bit, too, Mr Breuer At its 1991 results press conference in April, Deutsche Bank announced plans for Anglo-Saxon-style compliance rules for its staff, based on the practice at Morgan Grenfell, its UK merchant banking subsidiary, and at its New York

office. Other German financial

market participants can do

institutions are in the throes of following suit. Mr Breuer plays down the aignificance of the location of a European central bank: it would be "helpful but not essential" to have the new institution in Frankfurt. But he believes that Frankfurt is set fair to become the financial capital of continental Europe by the end of the century,

### Australian white goods maker up sharply

By Bruce Jacques in Sydney

EMAIL, the leading Australian white goods maker, yesterday reported sharply higher earnings and announced plans for an effective increase in the

Despite static sales of A\$1.38bn (US\$1.06bn), net profit rose by almost 30 per cent to A\$55.3m for the year ended March 1992. The dividend is being held at 17 cents a share, but on capital

increased by a rights issue. more than accounted for by a reduction in Email's net interest bill from A\$28.6m to A\$13.6m. Also, the figures excluded extraordinary losses of A\$946,000, against A\$5.1m

Directors said they had reacted early to the recession by divesting uneconomic operations and restructuring productive capacity.
"This resulted in increased

Nationwide

previously.

000,000,002

productivity in the manufacturing areas," they

"Some of the benefits of these actions were recorded in the current year, but longer-term gains will flow as increased demand lifts production valumes.

"Directors believe any improvement in the economy and growth in employment will remain slow." Lion Nathan, New Zealand's biggest brewing group, has

sold a chain of New Zealand department stores to management group and a Maori development consortium for NZ\$32m (US\$17.3m), writes Terry Hall from Wellington. The 85 stores employ 2,000

Lion Nathan said the sale marked the final stage of its strategy to focus on core beverage businesses in New Zealand and in Australia, where it is completing the purchase of Bond Brewing.

REMY FINANCE B.V.

FRF 360.000.000

GUARANTEED FLOATING RATE NOTES DUE 1993

For the period June 09, 1992

new rate has been fixed

at 10,1875% P.A.

Next payment date:

September 09, 1992

Coupon nr: 23

Amount FRF 260,36 for the

#### Loan of BFr3bn for Gechem

or not

GECHEM, the Belgian polyurethane foam manufacturer, is to receive a BFr3bn (\$92m) subordinated loan from Société Générale de Belgique, the congiomerate owning 58.5 per cent of the company. The loan will be reimbursed by an increase in capital before June 30 next year, writes Paul Abrahome

Gechem is also to be renamed Recticel, following an extraordinary general meeting yesterday. The renaming reflects the group's desire to

concentrate on the activities of its subsidiary Recticel which makes polyurethane foam. The company has been troubled by debt and made a BFr1.9bn loss last year, follow-

ing an ill-fated expansion in the US. Last year, it abandoned majority control of Foamez LP, its US subsidiary. Foamex's sales were below expectations and Gechem was unable to secvice the debt taken on to buy its stake. Gechem made losses of about BFr500m on its US

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To the Holders of

#### THE PROCTER AND GAMBLE COMPANY

US\$150,000,000 10% Notes due 1995 (the "Securities")

NOTICE IS HEREBY CIVEN that, The Procter and Camble Company (the "Company"), pursuant to Paragraph 6(a) of the Terms and Conditions of the Securities (the "Terms"), will redeem all outstanding principal amount of the Securities on July 16, 1992 (the "Redemption Date") at a redemption price of one hundred and one percent (101%) of the principal amount thereof, (the 'Redemption Price'). From and after the Redemption Date, interest will couse to accrue on the above-designated Securities. The Securities should be presented for payment of the Redemption Price on or after July 16, 1992 together, in the case of Bearer Securities, with all coupons appertaining thereto maturing after the Redemption Date, failing which the amount of any missing unmatured coupons will be deducted from the sum due for payment. Coupons due on July 16, 1992 should be presented and surrendered in the usual manner.

In the case of Bearer Securities, payments will be made against surrender of the Securities at the offices of any of the paying agents detailed below. Registered Securities may be presented or surrendered for payment at Morgan Guaranty Trust Company of New York, Corporate Trust Operations Department, Tellers and Mail Unit, 55 Exchange Place, Basement A, New York, New York 10260-0023.

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Long-term (labilities ...... 1,461,216

shareholders' equity................ 5,724,439

Shareholders' equity.....

Total liabilities and

Zucich

Amsterdam Boudholders who have questions concerning the redemption of the Securities should contact the Corporate Trust Operations Department of Morgan Guaranty Trust Company of New York, London Office on telephone number (071) 325 8694 or telex number 896631 MCTG.

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l.-2955 Luxembourn

THE PROCTER AND GAMBLE COMPANY

By: Morgan Guaranty Trust Company

us Fiscul Agent Dated: June 10, 1992

Statement of

income

Floating rate notes fungible with existing £200.000.000 floating rate notes due 1995

Notice is hereby given that the notes will bear interest at lune, 1992 to 8 September, 1992. Interest payable on 8 September, 1992 will amount to \$253.49 per \$10,000 note and £2,534.88 per £100,000

Nationwide Building Society Agent: Morgan Guaranty Trust Company

**JPMorgan** 

#### 2 Nationwide

\$150,000,000 and 000,000,022 Floating rate notes

Notice is hereby given that the

Nationwide Building Society Agent: Morgan Guaranty Trust Company

notes will bear interest at 10:0844% per annum from 8 June, 1992 to 8 September, 1992. Interest payable on 8 September, 1992 will amount to \$253.49 per \$10,000 note and \$2.534.88 per \$100.000

**JPMorgan** 

#### U.S. \$500,000,000



#### Formosa Plastics Corporation, U.S.A.

Floating Rate Notes due 2001

in accordance with the provisions of the Notes, notice is hereby given that for the six month interest Period from June 10, 1992 to December 10, 1992 the Notes will carry an interest Rate of 5.625% per annum. The interest payable on the relevant interest payment date, December 10, 1992 will be U.S. \$14,296.88 per U.S. \$500,000 principal amount.

By: The Chase Manhattan Bank, N.A. London, Agent Senk



#### mination of FRF 10 000 THE PRINCIPAL

PAYING AGENT, SOGENAL SOCIETE GENERALE GROUP 15. AVENUE EMILE REUTER LUXEMBOURG

**ALTUS FINANCE** USD 200,000,000, Bondholders are hereby informed that the rate applicable for the 10th period of interest has been FRN-1990/2000 iriod of interest h fixed at 4,26%. The coupon n°5 will be payable at the price of:

USD 216.04 for the USD 10.000 USD 2,160.42 for the USD 100.000 nominal amount of Notes on December 08th, 1992, representing 183 days of interest overing the period as from Jun OBth, 1992 to December 07th, 1992 inclusive.

Fiscal Agent

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WARRANTHOLDERS OF

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The Reference Agent and

NIKKEN CHEMICALS CO., LTD. (the "Company") U.S.\$50,000,000 1 % PER CENT. GUARANTEED BONDS

1992 WITH WARRANTS U.S.\$100,000,000 4 ¼ PER CENT. GUARANTEED BONDS

1993 WITH WARRANTS "Change of Financial Year and Record Dates for Payment of Annual and Interim Dividends"

Notice is hereby given pursuant to Clanse 4(E) of the Instruments and Condition 11 of the Terms and Conditions of the Warrants that the Company has changed its financial year from the period 1st January through 31st December to the through 31st December to the period 1st April through 31st March of the following year and the record dates for the payment of annual and interim dividends from 31st December and 30th June to 31st March and 30th September, respectively, by resolutions of its 48th ordinary general meeting of shareholders held on 27th March, 1992.

MINNERN CHEPHICALS CO., LTD. 4-14, Tsukiji 5-chonze, Chuo-ku, Tokya, Ispain By:The Kyowa Saitama Buak, Lud. as Principal Paying Agent Dated: 10th June, 1992

personnes are governes, governesses our catellosistes, are personnes of their delays or claims, and the memory and addresses of later Sciliton (if may), to the undersigned Preur & Charle PCA of Laterna Countey a, David, ap Cyandali Steer, Constan WH SPO, the Liquidities of the self-Company, and, if the operated by redder is writing from the self-Company, and, if the operated by redder is writing from the self-claim, and and the self-claim, and of the self-claim the self-claim or the self-claim to be self-claim.

NOTICE TO CREDITORS TO SURMET CLAIM

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THE INSOLVENCY ACT 1998

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NOTICE IS THE PREST OFFEL TO BE Confined of the short-crewd Commun, which is being with that by word up, nor exceed Commun, which is being with that by word up, nor exceed Commun, which is being with that by word up, nor exceeding on a bridge 2014 by 1992, to word in their life freezes, and preficiency of bird delay or delaw, and the rispus, and adversaries of their Soldines of any, to the ordering and the sold of their Soldines of any, to the ordering and their soldines of any and their soldines of any th

STAPYLTON PLETCHER LIMITED Registered no. 1200/191. Name of house.
Dealers in mines, spirits, etc. Trade classification: 12. Date of appointment of joint administrative receivers 29 May 1992.

IN THE MATTER OF WATSON & REFFELL (HOLDINGS) LIMITED AND IN THE MATTER OF THE PISOLVENCY ACT 1995

PROPERTY

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In accordance with Pulie 4.10g of The Impolement Rules 1986 notice is hereby given that I, Peter 5 Durn FCA, a Licensed leadwancy Practitioner of Lethara Crossley & Buris, 45 Condist Steel, London WIRI 9FB, was appointed Upoddator of the shove Company by the Credition on 3rd June 1992. Dated this 3rd June 1992. Peter S Durn FCA, Liquidator

PUBLIC SPEAKING

Appear in the Financial Times

Melanie Miles on 071-873 3308

### CONSOLIDATED ANNUAL REPORT

Net sales         4,722,383           Cost of sales         3,310,572           Income before taxes and minority interest         114,857           Income taxes         78,514           Net income         39,487           Net income per share         12.04 (in Yen)	3,572 -2,000 -1,000 -1992 -1991 -1992 -1993 -1988 -198
Balance Sheet	(March 3), 1980) in Millions of Yun
Assets	Liabilities and Shareholders' Equity
Cash and cash equivalents	Bank loans and current portion of long-term debt

(for the period April 1, 1991 to Merch 31, 1992) in Millione of Yes

In Touch with Tomorrow TOSHIBA

IPNA 2 N.V. Pursuant to a resolution of the Ordinary Meeting of Shareholders of IPNA 2 NV dated June 4, 1992 a partial repayment of the premium reserve will be made to its depositary receipt holders in the total amount of US dollars 1,500,000 being US dollars 592.18 per depositary receipt.

Payment will be made against remittance of coupon nr. 6 as of June Depositary receipt holders are requested to send the mentioned coupon together with detailed payment instructions to the address of the undersigned:

Herengracht 320, 1016 CE Amsterdam, The Netherlands

Stichting IPNA 2 Trust Services

DOMUS MORTGAGE FINANCE NO 1 plc £100,000,000

**Mortgage Backed Floating Rate Notes** 

due 2014 In accordance with the conditions of the Notes, notice is hereby given, that for the three month period 8 June 1992 to 8 September 1992 the Notes will carry a rate of interest of 10.35% per cent per annum with a coupon amount of \$2,608.77.

CHEWICAL BUNK

MOTICE TO CREDITORS TO SUSANT CLAMA IN THE MATTER OF WACTOON & RESPECT, (NOLUMBOR) LITD AND IN THE ISSUINABIL (NOLUMBOR) LITD AND IN THE ISSUINABIL (NOLUMBOR) LITD AND IN THE ISSUINABIL FOR IN CREME of the ISSUINABIL ORDERS WAS AND AND IN CREME OF THE ISSUINABIL ORDERS WAS AND IN THE ISSUINABIL ORDERS WAS AND IN THE ISSUINABIL ORDERS WAS AND IN THE ISSUINABIL ORDERS WAS AND INTERNATIONAL ORDER WAS

LEGAL NOTICE

Sheel, Condon WIR SFB, the Undefinite of the term company, year, if an equived by resides in uniting inear the said Liquidator, and, posterably or by their Solicious, to come to used proce their clotte or claims at such lines and place as shell be appealed in such uniting, or in definit, thereof they will be excluded from the breakful any distribution made ballow such debay was proved.

joint administrative receivers 29 May 1992. Name of person appointing the joint administrative receivers: National Treatments Bank pic.

N J Vooght and J M Iredale Administrative Receiver Libra Administrative Feculation (Citics Inches rion 8239 and 2041)

Cork Golfy, Address(est; Orcherd House, 10 Albion Place, Maldetone, Kent ME14 602.

In accordance with Rule 4.105 of The Insolvency Rules 1996 notice is hereby given that I, Pater 3 Durn FCA, a Ucensed Insolvency Practitioner of Latinary Coostery & Davis, 45 Comital Street, London Will 9FB, see appointed Legislation of the above Company by the Creditors on Srd June 1992. Dated this 3rd June 1992. Peter & Durn FCA, Liquidator

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**FINANCIAL TIMES** 

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THE INSOLVENCY ACT 1968
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HOTICE & HOTES? CARN present to Score Bill of the
Inches of Act 1968 for a resulting of conduct of the half of
The Stande Crown Hote, Theory Long South, Thee Artiges,
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#### INTERNATIONAL CAPITAL MARKETS

### Canadian dealers propose reforms to 'bought deals'

By Bernard Simon in Toronto

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CANADIAN securities dealers have proposed reforms to the system of bought deals" aimed at lessening their own underwritings and secondary risk in this type of underwriting and providing a greater incentive to canvass small.

Bought deal financing has revolutionised the Canadian capital market in the past five years by giving local compa-nies even faster access to capital than US issuers. The bought deal involves finalising an underwriting agreement either simultaneously with, or often in advance of, publication of a prospectus. Its other hallmark is the absence of a "market-out" clause in the underwriting agreement, thereby barring underwriters from withdrawing once the

Although bought deals now make up almost two thirds of all common equity offerings in Canada, they have drawn considerable criticism. Stockbrokers tend to concentrate their selling efforts on large institutional clients so that they can eliminate their underwriting

risk as quickly as possible. Several high-profile bought deals in recent years bave not been able to satisfy retail demand. According to the Investment Dealers Associatable treatment among investors is not positive for Canada's capital markets to the extent it may lead to reduced retail participation in equity market transactions".

After a heated debate within its own ranks, the IDA has proposed two reforms. Pirst, underwriters would be barred from soliciting advance commitments from institutions. known as "pre-marketing". This ban would apply to issues by the 180 or so companies which are allowed to offer shares on the basis of abridged prospectuses.

The proposal aims at preventing the dissemination of information not available to the market as a whole. The restriction would not apply to private placements.

Second, a gap of at least six hours (in practice, overnight) would be required between filing a preliminary prospectus and completion of an underwriting agreement. The IDA hopes this delay will encourage securities firms to solicit interest from smaller investors before committing themselves

to a price. The IDA's proposals must still be considered by provin-cial securities commissions. The regulators are likely to call for comments from other interested groups before any tion, "this perception of inequi- new rules are put in place.

#### Belgian exchange to start trading stock options

By Tracy Corrigan

BELFOX, the Belgian derivatives exchange opened last year, will start trading stock options on Friday, Initially, the exchange will trade put and call options on two Belgian stocks, Petrofina, the oil company and Delbaisa, the food retailer

The exchange intends to introduce options on four other shares - Electrabel, the electricity utility, Solvay, the notional Belgis chemicals company, Société bond last year.

Futures and options on the Bel-20 index of Belgian stocks are also planned at a later dinter.

Options trading was originally scheduled to start in Febto systems problems.

Générale de Belgique, Belgium's largest holding company, and ACEC-Union Min-iere, the metals group.

ruary, but was postponed due The screen-based exchange started trading futures on a notional Belgian government

#### **Emerging** markets sustain flow of offerings

By Sara Webb

LATIN America and Asia continue to provide a steady flow of international equity offerings for emerging market

investors. Banacci, one of the largest financial services holding companies in Mexico, is launching a \$1.5bm global offering, con-sisting of a \$450m internatranche and a \$200m domestic

#### INTERNATIONAL EQUITY ISSUES

Banacci's holdings include Banamex, the bank, and Acci-val, a leading brokerage. Goldman Sachs is the lead-manager for the primary offering. The Asian issues include a

\$90m global depositary share (GDS) offering for Grasim, the Indian cement, textiles and fibre group, and a \$60m GDS offering for Asia Cement, a Taiwanese group.

Citicorp and Merrill Lynch are joint lead-managers for the Grasim offering which comes close on the heels of a \$100m international equity offering from Reliance, the Indian petrochemicals company.
Although the Indian stock

market has been rocked by a financial scandal, the Reliance offering was considered a success and the response to the Grasim issue so far has been reasonable," according to a banker involved in the deal. The \$60m issue from

Taiwan's Asia Cement is expected to appeal to Asian funds in Hong Kong, London and New York. Asia Cement is the second Taiwanese company to launch a GDS offering, following the

last month. Norges Kommunalbank, the Norwegian state-owned municipal financier, plans to issue a four-year NKr500m bond backed by the Kingdom of Norway, Reuter reports from

large issue from China Steel

Bids open on June 15. It it is to be an open bullet loan maturing in April 1996.

### Europe's malaise benefits Ontario-Hydro

By Tracy Corrigan

ONTARIO-HYDRO'S C32bn global bond offering, launched yesterday, benefited from the malaise afflicting most European markets. Dealers reported pent-up demand for high-yielding non-European paper, and the 10-year bonds were quickly

#### INTERNATIONAL BONDS

The bonds were priced to yield 68 basis points more than the comparable Canadian government bond. Ontario-Hydro's comparable secondary market bonds are trading at around the same level. By the end of trading, the spread had widened by a basis point or two as a result of a rally in Canadian government bond prices. In the French bond market, Crédit National launched two offerings, totalling FFr3.5bn.

Although political uncertainty over the French referendum on European union continues to inject caution into

mints up on existing paper. Caisse Nationale des Autois not expected to seek alternative funding.

comparable OAT, 10 basis

fungible with outstanding issues maturing in 1994 and In the D-Mark sector, two borrowers took advantage of the firm tone of the market. The Kingdom of Denmark

the market, higher vield levels have started to encourage

domestic investors to return. Both deals were priced to offer a yield pick-up over secondary market levels, but bonds were not snapped up. The FFr1.5bn three-year deal was priced to yield 30 basis points above the comparable Prench government BTAN, a 15 basis point pick-up over the outstanding deal; and the PFr2bn 7-year deal was set to yield 42 basis points over the

routes, the French motorway financing agency which had planned to tap the Ecu market prior to its collapse last week, is now likely to switch funding to either the domestic or Rum-French franc bond market. according to bankers. France Telecom, which had also planned to raise funds in Ecu.

launched a DM500m five-year

**NEW INTERNATIONAL BOND ISSUES** US DOLLARS Banco Rio de la Plata(a)† 1967 1.675/1.25 Bankers Tst. Intl. 10.126 100.7905 AUSTRALIAN DOLLARS 101.10 BP America(a)† CANADIAM DOLLARS 2002 0.375/0.25 (c) 200 99,875 SWCH FRANCS Gradit National(d)† Gradit National(e)†

D-MATIKS
LKB Baden-W.Fin.(a)†
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Toyota Motor Credit(b)† 2012 1997 1995 60/35bp Dreadner Bk. 2/1.25 West LB. (b) Deutsche Bk **B.375** (b) ##Private placement. (Convertible. With equity warrants. Floating rate note. If Ingl terms, a) Non-callable. b) Amount Increased from DM200m. Price & fees undisclosed. c) Global Issue, coupon psyable semi-annually. Joint lead managers. 1) Nomiurs Secs. 2) Merrill Lyoch 3) Goldman Sachs 4) Wood Gundy, d) Fungible with existing FFr2bn deal. Non-callable. s) Fungible with existing FFr2bn deal. Non-callable. s)

deal, priced flat to the German bund market, via WestLB, while LKB Baden-Württemberg, the German regional hank, launched a DMthn zerocoupon deal due 2012 via

Despite the strong tone in the market, issuance is likely to be limited by the lack of swap opportunities. • Club Méditerranée, the lead-

ing French holiday village group, is expected to launch a FFribn convertible bond

Club Med was hit by the Gulf war and the recession in some of its home markets last year, at a time when it had just expanded its airline interests.

days, writes Sara Webb.

The company swung to a loss of FFr17m (\$3.14m) in the year to October 1991, compared with a profit of FFr395m in the previous year, and investment bankers point out that it is likely to be seen by investors

as a recovery stock. "There's nothing comparable issue within the next few in the market if you want to

play the tourism sector, and investors are likely to be interested in converting into the equity given that this is a strong turnaround situation." said one banker. Crédit Lyonmandate for lead-manager. The seven-year convertible bond

will be split into two tranches - FFr600m for the domestic market and a FFr400m international tranche. The coupon is expected to be set at 6.5 to 6.75 per cent and the conversion premium at 8 to 12 per cent.

#### Treasuries trade quietly ahead of economic figures

By Patrick Harverson in New York and Sara Webb

IN THE absence of important economic figures, trading on US Treasury markets was subdued yesterday.

#### GOVERNMENT BONDS

In late trading, the benchmark 30-year government bond was down % at 101%, yielding 7.873 per cent, while the twoyear note was down at 1001. yielding 5.074 per cent. Trading activity was reported to be

The only feature of the day was a technical squeeze in the overnight two-year repurchase agreement market. Amid reports that one bank had control of a big lump of two-years, prices rose in early trading as some players struggled to cover short positions. Analysts said bond market business was likely to remain light ahead of

which should provide the latest indication of the strength of the economic recovery.

■ THE UK government bond market bounced back after its initial decline, helped by the combination of better-than-exnected producer output prices, buying on weakness and a stronger German bond market.

The gilt market, which lost up to half a percentage point initially, ended almost unchanged across the yield curve. Prices picked up on news that UK producer output prices rose by 0.1 per cent in May, whereas an increase of between 0.2 and 0.3 per cent had been expected.

The benchmark 11% per cent gilt due 2003/07 opened at 115% and fell as low as 1151 before recovering to trade at 1151 by late afternoon. In the futures market, volumes were heavy with about 55,000 contracts traded. The Liffe gilt futures contract opened at 97.16, fell to

tomorrow's May producer a low of 97.97 and traded at prices and retail sales data, around 97.27 by late afternoon. around 97.27 by late afternoon.

> THE European government hond markets continued to see a shift into the Deutschemark bloc following Denmark's rejection of the Maastricht Treaty. There was further strong buying of German and Dutch government bonds and the Liffe bund futures contract rose from 88.21 to end at

around 88.37. Among the high-yielding bond markets, Italy saw a pick-up in futures prices although the cash market remained depressed. Dealers reported some interest in buying the futures following Monday's sharp fall in the Italian market. The futures contract opened at 95.27 and climbed to 95.99 while the 10-year cash bond traded at around 95.28 against Monday's close of 95.70. French government bonds (OATs) dropped sharply as foreign investors sold their hold-

BENCHMARK GOVERNMENT BONDS Coupon Date Price Change Yield 10.000 10/02 107.0025 - 8.95 9.18 8.000 08/01 100.8500 +0.060 8.86 8,79 8.500 04/02 101.1300 -0.150 8.34 8.50 9.000 11/00 100.3000 -0.100 8.83 8.85 8.78 8.500 03/97 98.3010 -0.037 8.500 11/02 98.2900 -0.220 GERMANY 8.000 01/02 106.6000 +0.120 7.90 7.97 12.000 02/02 95.3000 -0 340 13.27† 12.72 4.800 06/99 95.2413 -6.400 03/00 104.8184 -0.090 8.250 02/02 89.6500 +0.010 8.29 8.39 11.300 01/02 98.7500 -0.750 11.49 10.90 10.88 10.000 11/86 102.6583 + 00/82 9.750 08/02 103.7188 + 00/32 9.000 10/05 99.7188 + 00/32 7.600 05/02 101.0500 -05/32 8 000 11/81 101.1300 -12/32 EGU (Franch Govt) 8.500 03/02 95.9600 0.110 YMHOL: LOCAL (Nerket atlandard London closing "New York closing Yeards Local meries standard forces around yield (including withholding last at 12.5 per cent payable by non-res

opened at 107.38 and fell to a range. The yield on the benchlow of 107.14, but traded up to 107.40 later in the day.

dents.) Prices: US, UK in 32nds, others in decimal

ings, but the market later 

JAPANESE government cent and closed at 5.52 per picked up on domestic buying. bonds closed slightly weaker cent.

The Matif futures contract after trading in a narrow mark No 129 issue, which opened at 5.505 per cent, ranged between 8.50-5.53 per

#### MARKET STATISTICS

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### Vodafone rings up 11% advance

By Roland Rudd

VODAFONE GROUP, the mobile telephone company which was demerged from Racal Electronics, yesterday announced that it is to double annual capital expenditure as it reported an 11 per cent increase in profits for the year to end-March.

Pre-tax profits rose from £244.7m to £271.8m on the back of an increase in sales from \$598.8m to \$585.2m.

Capital expenditure is expected to double this year to £120m with a further £120m earmarked for the following

This is mainly to fund the switch to digital equipment, allowing pan-European use of its portable phones, and the introduction of the next generation of micro-cellular phones to be introduced in about 18

Mr Gerry Whent, Vodafone's chief executive, said that after an initial recovery, the economy was "bumping along on a plateau with little sign of a real upturn".

The pessimistic outlook was reflected in the proportion of customers leaving the network



per cent to 24 per cent, although it has currently been reduced to 22 per cent. It was 15 per cent before the start of

Revenue per customer also fell year-on-year from £730 to 2711, although it was up on last summer's figure of £700. The

Gerry Whent: 'not a single yuppie among our customers' increased by 44,000 to 715,000

The group said it had main-

tained its lead over Cellnet

Mr Whent described the micro-cellular service which it plans to introduce in 18 months as a "reduced service at a reduced price" aimed at the retail market. About 95 per cent of the group's present cus-tomers are businessmen.

Micro-cellular networks are being designed to compete with personal communication networks, owned by Mercury PCN, a consortium led by Mer cury Communications and

The group does not believe it will face significant competition until 1894.

Mr Whent said the group's continued growth through the recession proved the media wrong in thinking that mobile telephones were "yuppie inven-tions". He added: "We do not have a single yuppie amons our customers; the portable phone is a required business

The group improved its cash position from £34m to £65m, which reflected the increase in interest receivable to 28.3m

The number of shares held in the US in the form of ADRs. has risen by 2 per cent to 18 per cent.

Earnings per share rose to 18.28p (16.86p). A final dividend of 2.94p makes a total of 5.8p (5.27p), excluding the special dividend paid on demerger

### Continental sales help Powerscreen to £18.8m

By Jane Fuller

SALES GROWTH in continental Europe helped Powerscreen International, the Northern Ireland-based maker of screening and crushing equipment, to increase annual pre-tax profit to £18.8m.

The advance, from a restated £15.8m, followed a 22 per cent rise in turnover to 288.1m (£72.3m) in the year to March 31. It was the company's fifth year of profits

Mr Shay McKeown, chief executive, said the Continent's share of sales had risen from less than 12 per cent in 1988 to 28 per cent last year. Germany had been a strong market, particularly for the recycling of material to lay as a base for new infra-

structure. North America still accounted for the largest proportion of sales with 39 per cent. Guzzler, which makes truck-mounted suction equipment for waste removal, was in for a full year instead of eight months. Under Powerscreen's ownership it had broken into the municipal market for cleaning sewers.

Polly Peck

pay-out could

bottom at 3p

Two more recent acquisitions, Finlay and Mathro in the UK, contributed 12 per

cent of sales and £300,000 to pre-tax profit. which was better than expected. Product development had been another important part of the group's growth. The Powerscreen Commander, which gives a three-way split in the screening of aggregates, had built up to .17 per cent of group sales since its 1968

Mr Barry Cosgrove, finance director, said new subsidiaries brought in about 27.5m debt. Nevertheless, the group finished the year with a small amount of cash in hand, compared with £2m net cash in March 1991.

The previous year's figures were restated because it had been decided to write off research and development spending in the year it was incurred instead of capitalising it.

With extra shares in issue and a higher tax charge, fully diluted earnings per share rose 9 per cent to 16.1p (14.8p). A final dividend of 4.3p makes a total of 6p O COMMENT

Powerscreen has proved to be one of the best recession-beating stories in the engineering sector. Years of work on overseas markets have built up non-UK sales to 73 per cent. Its products can handle a variety of materials, from rubble and coal to sen age, and its specialisation in mobile machines has proved difficult to compete with. Where it has been affected by slackening demand, it has limited the damage. Machine volumes at Powerscreen and Brown Lenox, its two biggest subsidiaries, were 2-3 per cent down last year, whereas it is estimated the building and construction market in western Europe and North America fell 15 per cent. Mr McKeown reckons that these two offshoots will provide the main sources of growth this year, particularly as the US recovers. Pre-tax profit is forecast to top £22m - giving a prospective multiple of 15, in line with the market. This represents a substantial rerating as the shares have doubled in value to 282p since the beginning of last year. Nevertheless, it can still be argued that

### Slimmer Stakis loses £3.4m

By James Buxton, Scottish Correspondent

That compared with losses of

Excluding the exceptional

item, the pre-tax loss was

roughly doubled, reflecting

interest payments up from

Sir Lewis became chairman

last spring. He sacked Mr Andros Stakis,

the chief executive and son of

Sir Reo Stakis, the Glasgow-

based company's founder and

previous chairman, and

Kansallia House

Place de l'Etoile

L-1021 Luxembourg

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of FIDELITY

FAR EAST FUND, a société d'investissement à capital variable organised under the laws

of the Grand Duchy of Luxembourg (the "Fund"), will be held at the registered office

of the Fund, Kansallis House, Place de l'Etoile, Luxembourg, at 11:00 a.m. on

3. Approval of the balance sheet and income statement for the fiscal year ended February 29,

5. Election of six (6) Directors, specifically the reelection of Messrs. Edward C. Johnson 3d, Barry R. J. Bateman, Charles T. M. Collis, Charles A. Fraser, Jean Hamilius and

Election of the Auditor, specifically the election of Coopers & Lybrand, Luxembourg.
 Declaration of a cash dividend in respect of the fiscal year ended February 29, 1992.

8. Consideration of such other business as may properly come before the meeting.

Approval of the above Items of the agenda will require the affirmative vote of a majority

of the shares present or represented at the meeting with no minimum number of shares

present or represented in order for a quorum to be present. Subject to the limitations im-

posed by the Articles of Incorporation of the Fund with regard to ownership of shares which

constitute in the aggregate more than three percent (3 %) of the outstanding shares, each

Investments

share is entitled to one vote. A Shareholder may act at any meeting by proxy.

and authorisation of the Board of Directors to declare further dividends in respect of

fiscal year 1992 if necessary to enable the Fund to qualify for "distributor" status under

June 30, 1992, for the following purposes:

2. Presentation of the Report of the Auditor.

H. F. van den Hoven.

United Kingdom tax law.

Dated: May 7, 1992

Presentation of the Report of the Board of Directors.

4. Discharge of the Board of Directors and the Auditor.

BY ORDER OF THE BOARD OF DIRECTORS

£45.1m last time after excep-

By Richard Donkin STAKIS, the hotels and Creditors of Pally P International, the collapsed cue was launched last year by fruit and electronics group. Sir Lewis Robertson, yesterday have been told they may highlighted a 22 per cent receive no more than 3p in the improvement in operating profpound when administrators its from its core businesses as evidence that its fortunes were complete their disposals. beginning to recover.

Coopers and Lybrand Deloitte and Touche Ross, the However, the group incurred a pre-tax loss of £3.39m for the Joint administrators, have told the creditors in a six monthly six months to March 29. update that the best estimate of a return is now 11p in the pound with a lowest estimate tional costs of £43.7m.

of 3p in the pound. This excludes any contribution from northern Cyprus or from legal actions launched by Mr Christopher Morris, the Touche Ross administrator, against Mr Asil Nadir, the former chairman of Polly Peck,

and other related parties. Originally the administrators had hopes of achieving a much higher figure.

embarked on slimming the still negotiating with its 21

In December Mr David Michels, formerly with Hilton Interational, became chief execu-

Operating profit from continuing activities increased from £6,92m to £8,41m. with operating profit in hotels rising 89 per cent to 24.7m reflecting reduced overheads and improved margins. Healthcare operating profit doubled to

£1.28m as nursing homes filled up and the business matured. Operating profit in casinos, which Stakis is retaining after failing to sell them at a satisfactory price, fell 36 per cent to £2.46m because of reduced takings from the Barracuda in

Overall operating profit, including businesses to be discontinued, rose 13 per cent, from £7.43m to £8.38m. Because of the decision not

to sell the casinos, Stakis is

London and from casinos in the north of England.

banks, some of them foreign, to roll over its debt, which has declined from £215m last Sep-

"In practice there has been a rolling over," said Sir Lewis, "but the formalities are not yet complete. The big banks have been helpful but the convoy has to move at the pace of the slowest."

As part of the recovery policy Stakis has sold its public houses and most of its restaurants, and entrusted its commercial property portfolio to the management of Co-ordinated Land and Estates, which has so far achieved sales of

Losses per share were 1.24p (16.32p) and no interim dividend is declared (0.45p). Although analysts expect the

group roughly to break even this year, Sir Lewis said that the signs for next full year to September 1993 are at present encouraging."

### Emap calls for £77.9m

to fund

growth

EMAP, the publishing and exhibitions group, yesterday announced a 277.9m rights issue to enable it to continue with its strategy of buying and launching new titles.

The announcement of the issue of 84.7m shares on a 1-for-4 basis at 230p apiece accompanied pre-tax profits of £27.1m for the year to March 28, an increase of 9 per cent on last time's £24.8m.

after exceptional costs of 23.75m (£7.21m). The previous year's figure was restated to take account of recent accountancy standards recommenda

The share price fell 4p yesberday to close at 281p. Over the last three years Emap has spent £121m on acquisitions, including a number of the late Mr Robert Maxwell's business magazines and

About £65m was spent in the last 12 months. Over the same period a further 217m was spent on launching 20 con-sumer magazines, four business magazines and and seven exhibitions.

Before the rights Emap's internal budget suggested average borrowing of £64m in the present financial year.

"The directors believe that this level of horrowing would be likely to restrict their ability to react to acquisition and investment opportunities in a timely and flexible fashion and that the rights issue is the most appropriate way to remove this constraint" the company said yesterday.

The issue is fully underwrit-

ten by Schroders and Emap said that the sub-underwriting had been successfully completed by the end of business Negotiations for a British

publishing acquisition worth less than £10m are already under way. Rmap will be looking at fur-

ther expansion into continen-tal Europe particularly in consumer magazines. Purchases are likely to be in the small to medium range which Emap considers to be up to £20m. Mr Graham Ross Russell chairman, said yesterday that all divisions increased operat-ing profits in the second half when overall operating profit n overall operating profit increased by 22 per cent. This was mostly due to cost-cutting rather than any recovery from

Mr Robin Miller, group chief executive, said that advertising had stopped going down, but is so far showing no real signs of going up". Display advertisements were improving but jobs ads are still fall-

ing year-on-year. Turnover was static at £269.4m (£269.3m). Net interest charges rose to £2.93m (£1.17m). Earnings per share increased by 9 per cent to 12.6p. An increased final divi-dend of 5.6p is proposed for a total payment of 7.5p (6.9p).

Analysts are predicting pre-tax profits of between 240m and £42m for the current year and about £53m for 1993-94.

See Observer

### Great Portland static as asset value falls for third year

**GREAT PORTLAND Estates** yesterday underlined the continued pressure on central London property values by announcing a 26 per cent fall in its net asset value, from 288p to 212p, for the 12 months to March 31, its third consecutive year of declining

Pre-tax profits increased marginally, from £33.8m to £33.9m, before taking account of an extraordinary loss of £13.7m which resulted from the disposal of its investment in The figures were struck Bride Hall, an investment and trading company.

"It is generally accepted that we face the worst conditions to have been experienced in nearly half a century," said Mr Richard Peskin, chairman. about the treatment of exceptional and extraordinary "Recovery from this deep recession is likely to be slow and fragile and inevitably. property values will lag behind any general improvement in the economy," he said. He

> primarily one of consolida-Mr Peskin said that the dividend was likely to be main-tained. "At this time I have no reason to feel that, except in the most unlikely of circumstances, the current dividend

expected the next year "to be

of 10p will not be paid for the year ending March 31 1993," he Over the period, the company spent £300m in reducing the exposure to central London from 83 per cent to 67 per cent and increasing its retail and industrial property

from 14 per cent to 24 per Rental income increased by 20 per cent to 270.7m. Gross

rental income at the end of the period was more than £82m a year, of which 85 per cent is

expected to be secure for three

The company has cash balances of £24.8m and more than £100m of unused

company, for £10.6m. Regalian described the hold-

investment portfolio. City analysts assumed that

ing £8m of rental income.

dend of 6.6p is proposed making an unchanged total for the

@ COMMENT

An otherwise dreary chairman's statement was leavened with Mr Peskin's idiosyncratic wit. "When the going gets tough, the tough get gearing!"

#### Voids comprised 7 per cent of Regalian sells Frogmore stake

Regalian Properties has sold its stake of 3.99m shares in Progmore, another property

ing as a "strategic stake" when it bought it last October for £14m. It said it would give it an interest in income-producing property at a discount to net assets and was in line with its strategy of developing an

floor area and 10 per cent of gross rental income, represent-Great Portland's investment property was valued by Hillier Parker at £874m, reflecting a yield of 9.2 per cent on current income, representing a decline of just under 14 per cent for

the year. The revaluation comprised an 18.7 per cent decline in London's West End, Victoria and Covent Garden; a 19.4 per cent fall in the City and Holborn: a 4.3 per cent fall in outer London and suburbs; and a 3 per cent rise in the prov-

Office and commercial property fall by 16 per cent; retail and showroom by 4.6 per cent and light industrial by 8.8 per

Earnings per share fell from 11.5p to 11.2p. A final diviRegalian was preparing to make a full bid and that its plans were thwarted by its inability to sell a £80m block of flats in Kensington.

Regalian acquired the holding from Southend Properties. which bought the stake when it launched its unsuccessful £139m bid for Frogmore.

Regalian is due to announce its annual results today.

he declared, alluding to acquisitions which reduced the company's exposure to central London. The comment slightly nonpluseed the City, although it approves Great Portland's strategy of reducing its expo-sure to London property, its 3 increased gearing of 75 per cent leaves little room for manocuvre. Apart from letting the voids in its portfolio, it is treading water until the London property market recovers. For several years, pre-tax profits and dividends, which are only just covered, are likely to be static. The net asset value is likely to drop to about 190p this year, before a small uplift the following year. Prospects are unexciting for the shares down yesterday from 153p to 152p - which are on a discount to net assets of 20 per cent and a yield of 8.8 per cent.



Tim Melville-Ross: losses axising from difficulties in housing market have been stemmed

### Nationwide tumbles to £201.9m

By David Baroland

PRE-TAX PROFITS Nationwide, the second largest UK building society, tumbled by 29 per cent to £201.9m in the year to April 4.

The fail reflected provisions of £235.9m against doubtful loans, the highest such charge

in the industry. Operating profits before provisions were up from £379.5m to £437.8m.

Mr Tim Melville-Ross, chief executive, said the results showed that the society had managed to stem the decline in its losses arising from unparalleled difficulties in the housing market last year.

Analysis agreed that the result was better than had been feared. "There are signis that despite another disappointing result, Nationwide is on course for improvement," said Mr John Wriglesworth, building society analyst at UBS

Total assets were up by 9.6 per cent to £34bn, while net mortgage lending was down to 22.5bn (£3.5bn). Retail savings were up from £23.5bn to £25bn. About 23 per cent of funding is now raised on the wholesale money markets rather than

Phillips & Drew.

through deposits. The interest margin narrowed slightly, from 2.35 per cent to 2.21 per cent. Losses at shares in London.

Nationwide Estate Agents were reduced from £15m to £12m.

On other fronts there were signs of improvement. The cost-income ratio fell for the fourth year in succession to 55.2 per cent. There was a 31 per cent increase in income from fees and commissions to £255.6m, mostly achieved through the sale of insurance

through its branches. The society has also maintained a strong capital ratio. The Tier I capital ratio is now 8.45 per cent (8.34 per cent) and is expected to rise to 8.7 per cent shortly when the society goes ahead with an issue of permanent interest-bearing

#### BSS funds Cadel purchase with £16m rights FIDELITY FAR EAST FUND Société d'Investissement à Capital Variable

By Jane Fuller

BSS GROUP will become the second largest distributor in the domestic heating market, after Wolseley, with the £19.1m purchase of Cadel from Weyer International.

It is, however, a market that has been hard hit by recession and Cadel has incurred operating losses of more than £10m in the past two years. BSS is funding the purchase with a 216.2m rights issue on a 1-for-4 basis.

priced at 330p a share. Its share price fell 39p to close at BSS is acquiring only 37 of Cadel's 50 remaining branches, mainly in Scotland, the north-east of England and the Midlands. The remaining ones are

being closed by Meyer.

Mr Ian Phillips, chairman, said BSS had selected outlets on two grounds: to extend the group's national coverage and to take the more profitable sites. With a total of 58 outlets, its share of the domestic heating sector would amount to 14 per cent. The chain was established through the acquisitions of Heatek and Labone in 1989. The

merged business bad a turnover of

BSS said the section of the Cadel chain that it was buying made a trad-ing profit of £1.77m on turnover of £67.8m last year. It was paying a £6m discount to the £25.1m net assets. It was taking on all of Cadel's stock.

debtors and creditors. By reducing the working capital and phasing the pay-ments for the business, the £16.2m raised should cover the cost of the acquisition, Mr Phillips said. At its March 31 year-end, net debt had fallen to £17.5m (£20.3m), gearing

of 38 per cent. The group also announced yesterday a 25 per cent decline in pre-tax profit,

from £13.3m to £10m, on sales of £209.2m (£219.7m). This was after a near film cut in interest costs to Earnings per share fell to 31.8p

(41.6p). A final dividend of 11.5p makes an unchanged total of 17.25p.

BSS also operates more than 60 branches serving the industrial and

commercial markets. It said those had continued to weaken and were expected to remain in recession until next year. However, it believed the domestic heating and plumbing market would start to

### Meyer tumbles 32% and sells lossmaker for £19m

MEYER International, which

The extraordinary losses made on the sale, associated closures and goodwill adjustments total £41m.

25.3m last year. Mr Richard Jewson, Meyer's chairman, said the business had reached the point of "dou-ble or quits" and the group had decided "to bite the bullet and

£102m at the end of March, gearing went up from 37 to 40 per cent because of the reduc-tion in net assets caused by the Cadel provisions. The £19.1m phased proceeds of the sale would at least restore gearing

to the lower level. He admitted that the Cadel venture had proved a mistake, but pointed out that it came with UBM which had been incorporated into Jewson.

announced a 32 per cent fall in pre-tax profits to £24.6m (£36.1m) on flat turnover of £1.13bn in the year to March

The pre-interest profit figure of £39.3m (252.8m) included erty disposals. Net interest costs fell 22m to £14.7m.

made an operating profit of \$18.1m (\$26.9m) on sales of £409m (£419m). Market share had increased, but prices had come under severe pressure and that had continued into

(£13.3m) profit on £213m (£231m) turnover. Timber prices were no higher than in

tive to the level of house moves, because of the link with renovation and new building. The number of moves had dropped from 2.1m in 1989 to 1.2m last year. Private housing starts fell from about 220,000 in 1988 to 135,000 in each of the

last two years. PontMeyer, the Dutch subsidiary, improved to £9.7m (£7.6m) profit on £234m (£243m) sales. The growing German business was being incorporated into it. Earnings per share fell to

@ COMMENT

as Cadel made its final dents on the figures. Yet no one suggested the business should have been kept. Mr Jewson sed the group would now "stick to its knitting", namely the strong market positions of Jewson, Forest Products and PontMeyer - with its promising German dimension. It is a

yards. Critics rub salt in the wound by saying that if only £80m had not been wasted on Cadel and the abortive bid for Travis & Arnold, the company would look wonderful. Now that it is down to its core, the question revolves around the housing outlook. Mr Jewson did not help the bulls' cause by saying there were no signs of recovery - and when it did come it would be flattened by the ERM and low house values. Pre-tax profit estimates range from £24m to £28m, excluding property, giving a prospective p/e approaching 20 times. The price has fallen from nearly 500p last August/September to pity that they are saddled with relatively high group interest recovery, it is at least a hold. 368p. For believers in housing 

The 202-strong Jewson chain payments as well as with

owns the Jewson builders' merchant chain, is ending an expensive three and a half year long foray into heating and plumbing distribution with the sale of Cadel to BSS Group, writes Jane Fuller.

Acquired with the UBM builders' merchants branches in a part-exchange deal with Norcros in 1988, Cadel lost

get out".

66.5m (65.3m) of gains on prop-

this year. Forest Products made \$8.5m

Both subsidiaries were sensi-

severe price competition in the 19.2p (27.9p). An unchanged final dividend of 12.3p maintains the total at 16.5p. It was mea cuipa day for Meyer

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#### COMPANY NEWS: UK

### Efficiency drive bolsters Unigate | Marston flat after

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UNIGATE, the food and transport group, showed some early benefits from its efficlency drive in the underlying 6 per cent rise in profits contained in the results for the year to end March.

The shares, however, have already risen this year and met some profit-taking, falling 8p to

The reported pre-tax profit of £92.2m was 22 per cent up on the £75.5m achieved the year before, but there were distor-tions in the earlier figure which was struck after losses of £16.3m from businesses which have since been sold or are being run down.

Losses in the latest financial year from these activities have been set against provisions, set up in a £117.4m extraordinary charge the previous year. In addition, property profits of £5.4m in 1990-91 fell to £200,000 m 1991-92

Mr Ross Buckland, the chief executive who joined in October 1990, said that good prog-ress had been made but the recession had been unhelpful, He hoped for faster progress in the current financial year. Group turnover was 11.6 per



Ross Buckland: keeping quiet about further disposals

cent lower at £1.89bn and trading profits rose 4.6 per cent to 291.3m. Associates, mainly the Nutricia baby food business, contributed £13.7m (£11.1m).

Earnings per share rose 22 per cent to 27.3p and an unchanged 9.6p final dividend

is proposed to give a main-tained total of 15.3p. Dividend cover is 1.8. The dairy business increased

trading profits by 7.9 per cent to £28.7m as the benefit of capital investment began to come

costs of rationalisation and new product launches. Farm foods profits nearly halved to £6.6m (£12.3m). This division used to include the disastrous JP Wood chicken business sold early this year.

#### 6 COMMENT

There is some encouragement in these figures for those minded to be bullish about Unigate's recovery. There is little point now in arguing about the accounting treatment of the withdrawals, it is enough that those problems have been dealt with once and for all. No doubt Mr Buckland has further disposals in mind, but he is keeping quiet about what until the market for businesses improves. There is still much to be done to get Unigate's margins up to scratch, but work put into fresh foods. bacon, and the US shows the management's intentions. Longer term strategy may still be rather foggy, but a pre-tax figure of over £100m for the current year puts the shares, on 11.5 times earnings, at a discount to the market. With the prospect of a small dividend increase this year as well, they

### Doubled order book behind Vosper rise

By Roland Huste

VOSPER THORNYCROFT, the warship designer and builder, reported a 12 per cent increase in pre-tax profits for the year to end-March on the back of an order book which has doubled to more than £700m.

The Southampton-based group increased pre-tax profits from £14.3m to £16.1m despite an exceptional 23,83m (21.48m)

Sales rose from £140m to £157m with exports accounting for 65 per cent of turnover. The shares rose 25p to close at

By Tim Coone in Dublin

GREENCORE, the Irish sugar and food group privatised in April last year, reported a 18 per cent increase, from

Turnover advanced 11 per cent to

IE189.8m (£171.3m), largely reflecting an

initial contribution from Food Industries,

the grain trading and malting business bought for 1958.5m last November from the

Sugar sales of 1959.6m were down by 7

Sugar operating profits advanced by 24

(£2.91m) resulting from the purchase.

its for the half-year to March 27.

tracts, one for two 83 metre corvettes for Oman and the other for four 56 metre fast strike craft to Qatar, helped boost last year's £350m order book to significantly more than

The group is still waiting for the go-ahead to build a fourth minehunter for Saudi Arabia. New orders mean the group is unlikely to make as many redundancies as it feared and so far only 100 of the 350 expected job losses have material-

-Earnings per share rose to 34.8p (31.2p). An increased final dividend Two steel shipbuilding con- of 9p (7.875p) makes a total

per cent; largely due to lower C quota exports this year - non-subsidised exports outside of the EC and sold at near-cost.

ment. A further 1520m will be invested in the current year, half of it in the sugar sector.

(I247.1m).

Greencore advances 13% to I£16.2m

per cent to IELLEM. However, and O'Sullivan, chief financial officer, said

. higher C quota sales later this year would

result in lower profits growth in the second half.

bution to turnover with I271.7m (I280.8m)

Food division operating profits were

Over the past few years I220m has been

"This will be the last year at these levels

invested each year in new plant and equip-

163.43m (193.07m) on turnover of 1258.1m

but operating profits in the generally diffi-

cult climate were IE5.56m (IE4.61m).

The result was achieved despite underlying profit improvement due to for growers during the next harvest, increased interest charges of 124.74m greater efficiency and new investment." Greencore was in the market for a

of 13.1p (11.375p). S COMMENT

The City's prosate view of Voeper Thornycroft can be summed up thus: it's building warships; It's affected by the government's Options for Change Review; exports are growing. Result: two minuses, one plus. Right? Wrong. This year exports will take more than 90 per cent of its orders, ameliorating the normal risk associated with UK-based defence companies. In spite of three acquisitions cash balances have increased from £34m to £51m as productivity - measured by the number of

er cent to 1211.9m. However, Mr Kevin as most of the investment programme in

man hours it takes to build warships - increased by 50 per cent. If the group was viewed as an engineering company instead of a defence related one its shares would be a lot more expensive. Forecast pre-tax profits of 220m and earnings of 44p (there will be no exceptional charge for redundancies next year) put the shares on a prospective multiple of just over 7 - a 44 per cent discount to the market. If the company was about to launch a rights issue, British Aerospace style, then the shares might be fairly priced. But since it is not there must be a strong case for

sugar production will have then been com-

pieted. It is a very cash generative sector

so we expect improved profits performance

Sugar contributed 31 per cent of group

A new payment formula with beet grow-

turnover and 57 per cent of operating prof-

ers was worked out earlier this year, but is not reflected in the first half figures. Mr

O'Sullivan said that it may result in addi-

Greencore was in the market for a large

acquisition "in the UK or Europe" in its

core businesses of bulk food processing of

as a result of dilution in the flotation. As

sugar, malt or flour, Mr O'Sullivan said. Earnings per share dipped to 16p (17.3p)

forecast, the interim dividend is 3p.

as a result", he said.

but volume growth in other Brent Walker forms joint venture with Labatt LABATT, the Canadian Mr Bruce Peer, president of the

free trade debts

national accounts was 17 per

on a smaller number of brands

which it expected to benefit

from wider distribution

through reciprocal trading

agreements concluded recently

with five other brewers. The

agreements will also improve

consumer choice in Marston's

Marston's

Profits from the 133 managed pubs increased ahead of expec-tations, and the 29 catering

houses more than doubled

earnings. Food sales of £8.6m

now amounted to nearly 25 per

cent of the total managed

estate declined 7 per cent,

underlining the severity of the

Rarnings per share dipped to 12.26p (14.44p) but a final divi-

dend of 3.57p raises the total to

4.91p (4.46p).

• Morland, the Thames Val-

ley-based brewer facing a

£101m takeover bid from

Greene King, yesterday

announced a reciprocal trading deal with Everards, the Leices-

ter brewer. Rverards will intro-

duce Morland's Old Speckled

Hen beer to its 143 pubs and

free trade customers in the

east Midlands, and Morland will distribute Everards Tiger

Volumes in the tenanted

establic buyonver.

866 pubs.

The group was now focusing

By Philip Rawstorne

BAD FREE trade debts hit full

year pre-tax profits from Mar-

ston, Thompson & Evershed,

the Burton-on-Trent brewer in

which the Whithread Invest-

ment Company is seeking to

reduce its 31.4 per cent stake.

Profits for the year to March 28 fell 18 per cent, from £18.3m

to £15.1m, after exceptional

debt charges of £4.7m and

Profits were 11.5 per cent

higher before the debt charges

which are now expected to

return to "normal levels" of

less than 11m a year. Mr Michael Hurdle, chair-

man said no discussions were

being held at the moment

about the WIC stake which has

to be cut to at least 15 per cent

by November to comply with the government's beer orders.

potential purchasers of the

stake have initiated informal

conversations with us over the

last few months," he said, "but

to date we have received no

Any hostile bidder would need a "deep war-chest," Mr Hurdle added, "We are utterly

committed to pursuing our

own strategy as an indepen-

dent vertically integrated brewer and retailer."

were 7.4 per cent higher on turnover ahead 8 per cent to

£116m. Though beer volumes declined in line with the indus-

try by more than 6 per cent,

the effect was more than offset

Beer sales through Whit-

bread fell by nearly 20 per cent

by improvements in margins.

Trading profits of £20.4m

firm proposals."

"A number of supposedly

redundancy costs of £700,000.

brewer, and Pubmaster, Brent Walker's public house operation, yesterday announced the creation of a joint venture company to acquire and run a national estate of 1,000 pubs, writes Philip Rawstorne.

Houses run by the new com-pany, Maple Leaf Inns, will stock Labatt's beer brands which will also be distributed through Pubmaster's existing estate of 1.974 pubs.

The agreement – which fol-

lows similar deals by Labatt with Eldridge Pope, the Dorset brewer, and Peramount Inns to northern England – is expected to increase the Canadian brewer's sales in the UK by barrels a year.

launch four years ago," said chairman.

of two of its investments helped Murray Enterprise increase net asset value by 45.6

per cent over the six months to

March 31 and by 84.4 per cent

dend amounting to £235,000,

over the year.

"Our job now is to consolidate our position as one of the UK market's leading brands before expanding elsewhere in continental Europe, where we already own the Moretti brewery in Italy," he added. Pubmaster, which has

group's European operations.

increased its estate by 80 per cent this year through leasing deals with Allied-Lyons and Whithread to become the UK's largest independent pub operator, will manage the joint venture houses under its Threshold Inns and Tap & Spile

"Our intention is to continue growing the Pubmaster estate further business opportunities "Labatt has shown very for Labatt," said Mr John rapid growth since its UK Brackenbury, Pubmaster's

receipt of non-repeatable divi-dends, was approved after pub-

lication of the results to Sep-

However the actual amount

of dividend per share cannot be

calculated until it is known

how much loan stock will be

converted to shares on

Earnings per share came out

tember 30 1991. .

at 0.46p (4.36p).

Scott Pickford

improves 90%

### Bandage boom boosts Seton to £4.8m

By Paggy Hottinger

THE BANDAGE business is booming for Seton Healthcare, inventor of the tubular bandage which yesterday revealed. a 60 per cent jump in pre-tax profits to £4.8m, on sales just 19 per cent higher at £36.2m. The sharp rise in profits for

the year to February 28 was largely due to a series of acquisitions in the healthcare divi-

However, Mr Iain Cater, chief executive, said underly-ing sales growth in that business had been 14 per cent last year. The underlying growth in Seton's smaller sports and lelsure division was 11 per cent.

Seton, which came to the market in July 1990, raised the total dividend by 16 per cent on a pro forma basis to 5.1p, after the final pay-out of 3.6p. Fullydiluted earnings per share rose by 18 per cent to 14.7p, despite a £2.7m placing of 1.1m shares in November, and the issue of a further 409,000 as part of an

Seton purchased four compa-nies — one after the year-end - at a total cost of £9.2m, pushing current borrowings up to about 27m. However, interest cover - which was 6.8 times at the end of February was expected to rise to 9 times in the current year. Capital expenditure last year Ivor Stoller hitched his star to

came to £3.6m (£2.2m), with a an elastic sock, the company further £7m (£5m) written off to goodwill. Seton pulled out of the US

and France resulting in an extraordinary charge of £1.6m. However, 21.4m of this was due to the new accounting standard requiring goodwill charges previously written off to reserves to be included inthe profit and loss account. The sport and leisure divi-

aion held sales at about £5.5m,

although pre-tax profits were down by 20 per cent to £563.000. O COMMENT

Forty years after founder Mr 17.8, is more than up with

proves it can still profit from injury. The brand-led acquisitions appear to be settling in well, with sales already 25 per cent ahead at Lyofoam, Further benefits are expected next year from the move to allow nurses to prescribe medications - a market which Seton has taken great pains to clinch with its support staff of 20 nurses. Expect more acquisitions towards the end of the year which, if the track record holds, should prove beneficial. Forecasts are for pre-tax profits of about £6m, but the share price, on a prospective p/e of

Net asset value of this investment trust stood at 129.6p per share on March 31 1992 against 89p on September 28 1991 and 70.3p on March 31 Two investments in the US. Fleet Call, a mobile communications company, and Envoy, an electronic transaction proresponsible for the rise in net asset value.

A final and exceptional divi-

### Marshalls makes £20m cash call to fund low cost acquisitions

By Andrew Taylor, Construction Correspondent

A SECOND building materials company within a week has announced a rights issue to finance acquisitions.

Marshalls, the Halifax-based concrete, stone and clay products is proposing to raise Mr Andrew Marshall, chair-

man, said the company pro-posed to take advantage of low selling prices for building material businesses at the bottom of the construction

Shareholders are being offered 27.7m shares on a 1-for-5 basis at 75p. Holders of the convertible preference can take up 18 shares for every 125 preference held.

The group also reported slightly lower pre-tax profits of £12.5m in the 12 months to the end of March compared with £12.7m. Turnover fell from £184.4m to £174.4m.

The shares rose by 1p to

Last week Blue Circle.

Britain's biggest cement company announced plans to raise \$241.6m in a rights issue. The proceeds were to be used to acquire Compagnie Internationale du Chauffage (Celsius), France's biggest manufacturer of domestic heating equipment. Marshalls said that it had

identified several possible "infill" acquisitions to increase its range of concrete and clay products and take it into parts of Britain where it currently made little impact.

One possible option would be to acquire some of the brick interests in southern England which Redland has been ordered by the Monopolies and Mergers Commission to dispose of following its acquisi-tion of Steetley, a rival build-

ing materials group.

Mr Marshall said: "A number of companies are in the process or reorganising and looking to

And the second s

close at 98p following yester-day's announcement. unwanted businesses. Prices ing acquisitions at this stage in for some of these subsidiaries the cycle and no doubt there are up to 50 per cent cheaper than they would have been if they had been sold when the UK construction market was at

its peak." At first the rights money would be used to cut net debt from £41.2m to £21m, reducing gearing from 42.5 per cent to 18 per cent. Marshalls expected gearing to settle down at about 30 per cent after making acquieltions.

A maintained final dividend of 3.75p is proposed making an unchanged total for the year of 5p. Earnings per share were 4.33p (4.88p) basic or 5.9p (6.28p) fully diluted.

Mr Marshall said that there were signs that the housing market was beginning to pick up but this had still not shown through in group sales. The outlook for the construction industry remained depressed.

& COMMENT dispose of peripheral and It makes sense to be consider- point,

are hargains to be had by the shrewd purchaser. Marshalls, however, has had rather an indifferent investment record recently. The Armitage brick business was acquired at an inflated price at the top of the cycle while the lossmaking Trent jetfloor concrete flooring operation initially struck serious technical problems. These largely have been resolved but sales are now suffering as a result of the collapse of commercial and industrial property markets in the UK. The rights shares, however, are being sold at a sufficient discount and yield to ensure the success of the issue. The profits outlook continues to look depressed with about a third of group sales ending up in commercial and industrial developments. Pre-tax profits approaching £13m would put the group on a prospective p/e of about 17, which is high enough at this

#### cessing company, together accounted for more than 50 per cent of the net assets in March and their listings were largely

**Murray Enterprise asset** 

SUCCESSFUL PUBLIC listings payable as a result of the

values increase sharply

Scott Pickford, a provider of consultancy services to the oil industry, reported pre-tax profits ahead to £404,000 in the year to March 31, against \$213,000. The single final dividend is raised from 0.5p to 0.8p.

DIVIDENDS ANNOUNCED

	Current	Date of payment	Corres - ponding dividend	Total for year	Total last year
BSS	11.5	July 30	11.5	17.25	17.25
Compco	12.96 5.5	Oct 1 Aug 7	12.96 5 6.6	12.96 7.5†	12.96 6.9 10
Greencoreint		July 15 Aug 8	-	10	4.5 5
Marshalls		Oct 1 Aug 22 Sept 2	3.75 3.2 12.3	4.91 16.5	4.46 16.5
Neyer intifin Powerscreen intifin		Oct 19 July 31	5.55 3.95	9.25	5.55 5.55
Scott Pickford §fin		Aug 28 July 31	0.5 3.3	0.8 5.1	0.5 3.7
Seton Healthcarefin Stakisint	กมี 9.6	July 27	0.45 9.6	15.3	0.9 15.3
Vodatonefin	294	Aug 12 Aug 18	2.67 7.875	5.8 13.1	5.27 11.375
Vosper T'croftfin	•	WAR 16	1.015	1-3. 1	11,373

Dividends shown pence per share net except where otherwise stated.

#### **BOARD MEETINGS**

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indicates are not available as to whether the dividends are interims or finals and the sub-physions shown below are based mainly on last year's timetables.

ų	(407-)
1	Interime- Delly Mail & General Trust, Jo
	son & Firth Brown, London Scottish B
	Nactronica Technology, Princedela.
	Finale- Airsprung Furniture, Amerek
	Cage, Danks Bueiness Systems, Electroc
	conents, Hambros, M & G Second Dual To
	Managed Brewery, Moorgale Smaller
ı	Maintained Diversity, Moorgans Similar
	income Trust, Northern Foods, Northumb
	Water, Orlflame Intl. Porter Chadburn, R.
ı	Electronics, Regulian Props, Tame (John)

interiore- Astours	Je
Denetalist	
Lookers	
RMC	
River Plate & Gen Inv	
Shootile	
Southern Business	
Finale-	d
Aminex	
Ashtesd	
Barkeley	
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Besock and annual survey of the second	
Davenport Knitwear	j
Learmonth & Surchett	4
Lends	J
National Grid	
Northain Electronics	
PHH	A
Rows Evens live	
Syltone	

#### **AVIS**

AVIS EUROPE LIMITED

to company incorporated with limited liability under the laws of England. formerly known as Avis Europe plc)

> NOTICE OF MEETING of the holders of the

> > £75,000,000

11¾ per cent. Bonds due 1996 of the Issuer

(the "Bondholders" and the "Bonds" respectively) (the "Bondholders" and the Bonds respectively)

NOTICE IS HEREBY GIVEN that a Meeting of the Bondholders convened
by the Issuer will be held at the offices of Baker & McKenzie at 100 New
Bridge Street. London ECAV 61A on Thursday. 2nd July 1992 at 11 am
(London time) for the purpose of considering and, if thought fit, passing the
following Resolution which will be proposed as an Extraordinary Resolution
in accordance with the provisions of the Trust Deed (the "Trust Deed") dated
31st May 1989 made between the Issuer and The Law Debenture Trust
Corporation p.l.c. (the "Trustee") as trustee for the Bondholders and
constituting the Bonds.

EXTRAORDINARY RESOLUTION

"THAT this Meeting of the holders of the £75,000,000 JULY per cent. Bonds due 1996 of Avis Europe Limited (the "Bonds" and the "Issuer" respectively) constituted by the Trust Deed dated 31st May 1989 (the "Trust Deed") made between the Issuer and The Law Dehenture Trust Copporation p.l.e. (the "Trustee") as trustee for the holders of the Bonds (the "Bondholders")

hereby:

(1) subject to the execution and delivery by the parties thereto of the Supplemental Trust Deed referred to in (iii below, sanctions and approves for all purposes the implementation by the Issuer of the Avis Lease Proposal (as defined in the Information Circular prepared by the Issuer dated 10th June 1992 (the "Information Circular prepared to the Issuer dated 10th June 1992 (the "Information Circular or such modified terms as the Trustee considers will not have an effect upon the interests of the Bondholders which is materially and adversely different from the effect of the terms set out in the Information Circular and for this purpose the Trustee may call for and rely upon the advice of a financial adviser selected by it) including, but without limitation, without compliance with the provisions of Clause 22(A)(1) of the Trust Deed or of Condition II(A) of the Bonds and without constituting an Event of Default (as defined in Condition 9 of the Bonds);

authorises and requests the Trustee to execute and deliver Supplemental Trust Deed in the form set out in Appendix 4 to Information Circuitar (subject to such medification and amendm as the Trustee may agree);

(2) senctions and approves every abrogation, modification, compromise or arrangement in respect of the rights of the Bondholders and the holders of the Coupons apportaining to the Bonds against the Issuer involved in or resulting from the matters referred to its paragraph (1) of this Resolution;

authorises the Trustee to concur in and execute and do all such other deeds, instruments, acts and things as may be necessary to carry out and give effect to this Resolution." EXPLANATORY PROVISIONS

It is proposed to sell the European vehicle leasing and fleet management business carried on by certain subsidiaries of the Issuer to General Electric Capital Corporation (the "Avis Lease Proposal"). In connection with and dependent upon the implementation of the Avis Lease Proposal, Cilva Holdings PLC ("Cilva"), the holding company of the Issuer, proposes to grovide, by way of a Supplemental Trust Deed, a guarantee in respect of the Bonds. together with a financial covenant as to the net worth and subordinated shareholder debt of Cilva and its subsidiaries. The implementation of such proposals (the "Proposals") is for the Bondsholders to approve by passing the Extraordinary Resolution.

Build devide of the hardway are and the security for the Proposals and the

Full details of the background to, and the reasons for, the Propossis and the Extraordinary Resolution are contained in the information Circular prepared by the Issuer dated 10th June 1992 (the "Information Circular"), copies of which are available for collection by Bondholders at the specified offices of the Paying Agencs set out below.

Copies of certain other relevant documents are available for inspection by Bondbolders at the specified offices of the Paying Agents set out below. The attention of the Boodholders is particularly drawn to the quorus required for the Meeting and for any adjourned such Meeting which is se

In accordance with normal practice, the Trustee expresses no opinion on the merits of the Proposals but has authorised it to be stated that on the basis of the information set out berein and in the Information Circular, it has no objection to the Extraordinary Resolution being submitted to the Bondholders for their consideration. VOTING AND QUOSEIM

A Bondholder wishing to attend and vote at the Meeting in person must produce to the Meeting either the Bond(s), or a valid voting certificate or valid voting certificates issued by a Paying Agent relative to the Bond(s) in respect of which he wishes to vote.

A Bondholder not wishing to attend and vote at the Meeting in person may either deliver Bond(s) or voting certificate(s) to the person whom he wishes to attend on his behalf or, before the time being 48 hours before the time appointed for holding the Meeting, give a voting instruction (on a voting instruction form obtainable from the specified offices of the Paying Agents) instructing a Paying Agent to appoint a proxy to attend and vote at the Meeting in accordance with his instructions.

Meeting in accordance with as macroscos.

Bonds must be deposited with a Paying Agent or (to the satisfaction of such Paying Agent) held to its order or under its control by Cedel S.A. or Morgan Couranty Trust Company of New York, Brussels office, as operator of the Eurociear System, before the Meeting in order to obtain voting cartificates or before the time being 48 hours before the time appointed for holding the Meeting, but not thereafter, in order to give voting instructions in respect of the Meeting. Any Boud(s) so deposited or held will be released at the conclusion of the Meeting (or, if applicable, any adjourned such Meeting) or more surrender of the voting earthfacter(s) or, not less than 48 hours before the npon surrender of the vorting estrificate(s) or, not less than 46 hours before the time for which the Meeting (or, if applicable, any adjourned such Meeting) is convened, the voting instruction receipt(s) issued in respect thereof, together with a notice of revocation of the relevant voting instruction.

The quorum required at the Meeting is two or more persons present holding. Bonds or voting certificates or being proxies and holding or representing in the aggregate a clear majority in principal amount of the Bonds for the time being outstanding. If a quorum is not present at the Meeting, the Meeting will be adjourned for a period being not less than 14 days nor more than 42 days and the Estimordinary Resolution will be considered at an adjourned Meeting (notice of which will be given to the Bondholders). The quorum at such an adjourned Meeting will be two or more persons present holding Bonds or voting certificates or being proxies (whatever the principal amount of the Bonds so held or represented by them).

Bonds so held or represented by them).

Every question submitted to the Meeting will be decided on a show of hands, unless a poll is duly demanded by the Chairman of the Meeting or by the Issuer or by two or more persons present holding Bonds or voting certificates or being proxies and holding or representing in the aggregate not less than one-liftieth part of the principal amount of the Bonds then outstanding. On a show of hands every person who is present in person and produces a Bond or voting certificate or is a proxy shall have one wote. On a poll, every person who is so present shall have one vote in respect of each £1,000 in principal amount of the Bonds so produced or represented by the voting certificate as o produced or represented by the voting certificate as produced or in respect of which he is a more.

To be passed, the Extraordinary Resolution requires a majority in favour consisting of not less than three-fourths of the votes cast. If passed, the Extraordinary Resolution will be binding upon all the Bondholders, whether or not present at the Meeting and whether or not voting, and upon all holders of Coupons appermining to the Bonds.

ADDITIONAL INFORMATION PRINCIPAL PAYING AGENT The Royal Bank of Canada 71 Queen Victoria Street London EC4V 4DE Telephone: 071-489 1188

OTHER PAYING ACIENTS etermile ania Nederlanden Bank (Belgium) S.A./N.V. Rue de Ligne 1 E-1000 Bru es Telephone: 010 322 217 4040

Bondholders whose Bonds are held by Euroclear or Cedel S.A. should contact the following for further information: Enroclear: Custody Operations Department (telephone Brussols (322) 5191211, telex 61025): Cedel S.A.: Corporate Action Department (telephone Laxembourg (352) 449921, relex 2791).

This notice is given by: AVIS EUROPE LIMITED Avis House Park Road Bracknell Berkshire RG12 2EW

Dated 10th June 1992

#### PRIVATISATION IN EASTERN EUROPE

The FT proposes to publish this survey on July 3 1992.

The first ever FT survey on this subject will be published in the FT of that day and will be printed in London, Frankfurt, Roubaix, New Jersey and Tokyo. It will be distributed in 160 countries world-wide. For further information about advertising in

this survey please contact, Patricia Surridge in London Tel: (071) 873 3426 Fax: (071) 873 3428 Gerd Rozler iu Vienna Tel: (1) 505 31 84 Fax: (1) 505 31 76 Nina Kowalewska in Warsaw Tel: (22) 48 97 87 Fax: (22) 48 97 87 Nina Golovyatenko in Moscow Tel (095) 243 19 57 Fax (095) 251 24 57

FT SURVEYS

### Tin prices touch 2-year highs

By David Blackwell

TIN PRICES rose to the ighest levels for two years on the London Metal Exchange yesterday, continuing the rise which has taken the threemonth price from \$5,500 a tonne at the beginning of the year to more than \$6,500.

The breakthrough resistance at \$6,500 for three-month metal early yesterday triggered further orders to buy, but profit-taking emerged at \$6,550. By the close it had retreated to \$6,502.50 a tonne. up \$47.50 on the day. The move followed a rise in the Kuala Lumpur tin price above the psychologically-important M\$16 a kilogram, an 18-month high. Kuala Lumpur traders attributed the rise to a lack of sellers. They expect a move above M\$16.20.

However, dealers at the LME said the upward move was driven by speculative buying. The market was lacking fundamental developments and physical interest was slack, they said. LME warehouse stocks rose

60 tonnes to 12,775 tonnes. Mr Robin Bhar, analyst with Carr Kitcatt & Aitken, suggested that LME stock movements had been a bit erratic and were not providing the firm undertone the market should be seeking. While improved fundamentals and a better physical market had given the price its initial impetus, "it's looking a bit frothy now".

"Consumer activity was noticeably absent," said Mr Rhar, who believes that the unless fresh buying emerges.

### Bolivia's restructuring plan

By Francis Freisinger MLa Paz

COMIBOL, the Bolivian state mining corporation, has finally signed a joint venture with Mineracao Taboca, a subsidlary of the Brazilian company

The 20-year contract, to exploit the vast tin tailing dumps of the Catavi-Siglo Veinte mining complex in the department of Potosi, marks a crucial step in the attempt to restructure state mining operations, but threatens to gnite a fierce industrial conflict that the government may be hard pressed to win.

Tin tailings are the remnants of ore after the metal extraction process. In Catavi, 60 years of production before the closure of the mine in 1985 have left a mountain of nearly 60m tonnes of tailings that still contain an average tin grade of 0.8 per cent and from which tin can now be extracted profitably using modern open cast

mining techniques. The joint venture will pro-

By Kevin Brown in Sydney

AUSTRALIA'S HOPES of

developing a magnesium metal

industry have been boosted by

agreement on a A\$50m research project with Austra-lian and Japanese companies.

Senator John Button, Indus-

try minister, said the federal

government and the Queens-land state government would contribute A\$25m (£10.4m) to

the project over the next four

The remainder of the financ-

ing will be provided by MIM

resources group. Ube Indus-

tries of Japan, and Queensland

The government hopes the

project will develop low cost

technology for the production

magnesite deposit at Kunwar-

Metals Corporation.

about 2 per cent of world out-put and will increase Comibol's tin production by around 40 per cent to its highest level in

This is an important event in the transformation of a backward industry into one that is vigorously competitive," says Mr Alvaro Rejas, the minister of mines.

The government strategy for

Comibol is to transform it from a state corporation that directly manages mines to a holding company of joint ventures with private mining groups. Last year it signed an agreement with the world Bank to form six joint ventures by the end of 1991 in return for credits to develop the mining industry. However, the unions have vowed to resist any form of privatisation and have

caused serious delays. Until now only one other foint venture, Tasna, has been formed successfully despite constant pressure from the World Bank. All other attempts have either collapsed or are stuck in negotiation. At the beginning of this year a

Australian magnesium hopes boosted

ara, in Queensland, which is controlled by QMC.

Kunwarara, which was discovered by QMC in 1985, is

believed to be the largest cryp-

tocrystalline magnesite deposit

in the world. It is situated

close to ports and power sup-plies, in an area of little envi-

Senator Button said the proj-

ect would culminate in the

development of a magnesium

metal demonstration plant at the port of Gladstone, 160 km

(100 miles) south of Kunwar-

ara. A full-scale production

nology is deemed to be viable.

Successful development of

low-cost technology would cre-

ate an opportunity for Austra-

lia to play a major role in the

world magnesium metal indus-

eventually parallel the simmin-

Holdings, the Australian plant could follow if the tech-

of magnesium metal from a . try. Magnesium metal could

ronmental significance.

deal over another important tin mine, Colquiri, brought a national miners' strike with the support of other labour sectors. The government was forced to back down and

signed an agreement to discuss all future deals with the union. Mr Edgar Ramirez, leader of the miners' union, claims that the government has broken this agreement over Catavi and that he has a viable alternative plan that will allow the mine

to stay in state hands. Bolivia can ill-afford a more extended mining stoppage. Because exports in the natural gas and agriculture sectors have already been hit badly this year, any problems in min-ing would be harshly felt. Yet with elections due next year, the government of President Jaime Paz Zamora is politically constrained in the measures it

can take to break a strike. Caught between the rock of a declining reputation within international financial institutions and the hard place of another damaging labour dis-pute, the next few weeks promise to be uncomfortable.

ium industry as a major export

earner, Senator Button said.
The government believes

world demand for magnesium

metal will increase signifi-

cantly over the next 10 years.

Much of the demand is expec-

ted to come from the vehicle

industry as car manufacturers

produce lighter vehicles to

meet tighter environmental

Mr Wayne Goes, the Queens-land premier, said the demon-

stration plant could be

upgraded to produce 60,000

tonnes of magnesium a year if

the research project was suc-

Mr Norm Fussell, Managing

Director of MIM, said the

positive step full of promise for

a new wealth creating industry

in Australia by the turn of the

research agreement was

century".

The USDA, however, bruary 1, 1992, and continued stock reduction is expected.

A large share of US wheat has been going under the EEP to the Commonwealth of Independent States, which buys only if it gets credit. The Bush administration recently announced the provision of \$600m in new credit for Russia and \$110m for the Ukraine. For Russia, \$300m is available immediately with \$112m of that

supplies of butter. This week it donated 21,000 tonnes, worth about \$30m to Russia. It also made 40,000 tonnes of subsidised rice available to Algeria and donated 100,000 tonnes of maize and sorghum to Jordan.

#### Export programme hitting US poor'

THE CONTROVERSIAL US Export Enhancement Program the American export subsidy scheme - has become a target of new criticism for taking bread from the mouths of American schoolchildren, the poor and the elderly so that wheat can be sold abroad at below cost-price.

The stockpiles of surplus commodities in the US Department of Agriculture's warehouses have almost run out empty and the department has spent nearly all of the \$120m illocated in this year's budget to buy canned goods and other foods to distribute to country's the poor.

Congressman Bob Wise. chairman of a government operations subcommittee, is outraged that the agriculture department has had to cancel flour donations because of the scarcity of government-held wheat stocks. Wheat supplies are at their lowest levels since

"We have an agriculture programme that is taking away millions of ibs of flour from the poor at the same time it spends a billion dollars a year subsidising wheat exports," the Congressman said at a recent

One of his staff members said schools would be forced to raise the prices of the food they supply to pupils to com-pensate for the shortfall in government donations. Other commodities - like rice, honey, oets and peanut butter - are also in short supply.

proud of the success of US farm policy in reducing government surpluses. Reserves have fallen from 6bn bushels in 1987 to about 1.5bn, as offe-

being specifically for wheat

purchasing.

### Charting gold's midsummer misery

By David Blackwell

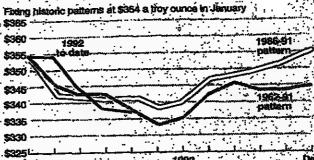
THE GOLD market has become seasonal in recent years, peak-ing in mid-winter and falling to a trough in mid-summer, according to Mr Andy Smith, analyst with Union Bank of

Several factors combine to bring about this trend, Mr Smith suggests in the UBS Pre-cious Metals Outlook. In the West, jewellery sales are concentrated in the run-up to Christmas. "Production lead times and capacity restraints mean jewellery manufacturers must obtain raw material three to six months ahead of this consumption cycle."

During the Muslim Ramadan, which will continue to be celebrated in spring on the western calendar until the end of the decade, the average gold price is usually lower and is traded in a narrower range, "Reduced price volatility during Ramadan is consistent with less than full participation in the market by impor-tant Middle East players."

Mr Smith also points out that Chinese New Year another occasion for gifts of to determine how much 95 per jewellery - falls in February. cent of the population outside

#### 'Seasonal' gold price forecasts



Science UBS Phillips & Draw In nine of the last 12 years the gold price has been lower in February than in January. In addition the Indian wedding season runs from September to May, and takes a complete break during the June-August monsoon. More than half India's annual

demand for gold of 250 tonnes wedding-related. Seasonal movements in both oil and the dollar also reinforce the seasonal gold price swings, Mr Smith believes. In summer the oil price tends to be weak while the dollar, which helps

1992. the US pay for gold, is usually Shocks to the gold market

still count, Mr Smith says, but positive surprises in the first half of the year simply have to work harder to have a sustained impact on price." A Tokyo district court has rejected an appeal by a British coin dealer against police refusal to return his 3,200 gold

coins seized as fakes, the

Kyodo News Service said. reports Reuter from Tokyo. Kyodo quoted the court as saying, in rejecting the appeal from Mr Paul Davies: "It is

commitment to develop the

industry and become a

recognisable force," Mr Hunt

compared with 164,434 at \$1.45

in April 1991. The packages are between 40-60 kg depending on

Brokers said in the first two

sales there was strong demand and prices were buoyant, par-ticularly for brighter teas. In

the latter auctions prices

declined. Britain and Pakistan

finance minister told parlia-

ment last week that growth in

tea production last year was

2.5 per cent, the lowest in the

past five years. Tea production

rose to a record 202m kg in

1991 from 197m kg in 1990.

CRUDE OIL (Light) 42,000 US gails \$/barrel

Close Previous High/

Mr George Saitoti, the

were the main buyers.

are all counterfeit. It is neces sary to continue to impound the coins since an international investigation into the counterfeiting is still under

The coins, which Mr Davies sent to three Japanese dealers, were purportedly among 11m commemorative pieces struck by the Osaka Mint for the 60th anniversary in 1985 of Emperor Hirohito's enthronement

Police said they seized a total of 108,000 fake coins from Tokyo banks, Mr Davies and other dealers.

The face value of the genuine coins is twice that of the 20 grams of gold they contain. More than 9m were sold in

Davies filed his appeal in April after an unsuccessful two-year struggle to recover his coins, seized by police in February 1990 from a bonded

warehouse at Narita airport.
The coins claimed by Davies have a total face value of Y320m yen (\$2.52m). Mr Davies. also sued the Japanese government and Tokyo city authorities on May 19, seeking that sum in compensation, plus interest at 5 per cent since they

#### Government backs Welsh food drive

for the Welsh Food Promotions

to £1.2m this year and given

his support to a drive by the

Welsh Development Agency, the Development Board for

Rural Wales and the Wales

By Anthony Moreton

THE UK government is putting its weight behind a drive to get food produced in Wales accepted more widely. Wales has always been an important producer of milk and lamb and the intention is to build on this base to enlarge the food indus-

Mr David Hunt, Welsh secre-tary, said in Cardiff yesterday that there was no reason why products closely identified with particular countries, such as New Zealand butter, French cheese, Dutch potatoes, Scot-tish salmon, Greek yoghurt and Swiss chocolate, could not all be produced in Wales.

KENYA'S TEA output dropped

by more than 11m kg in the first quarter of this year com-

pared with the corresponding

period of 1991, according to

African Tea Brokers, an influ-

ential brokerage, reports Rau-ter from Clanda, Kenya.

ATB said that the cumula-

tive crop figure at the end of

April stood at \$6.58m kg, a

decline of 11.43m kg, or 16.8 per

cent, compared with the first

quarter of 1991. Tea harvested

in April dropped by more than

5m kg, or 29 per cent against

ATB said widespread sea-

the same month last year.

WORLD COMMODITIES PRICES

He has doubled the funding been achieved by the cheese Kenyan tea production declines 16.8%

ity. The message of quality is all important in winning accep-

Tourist Board to get Welsh produce better known and Britain now comes from south acceptable in a wider market. west Wales, Weish lamb is also gaining more acceptance outside the Welsh Food Promotions "is moving vigorously with its key objectives to develop, co-ordi-nate and market Welsh foods," principality.

The marketing drive will use

quality.

Mr Hunt sid. the traditional Welsh dragon on a red and green background "Wales produces food of all types and of the highest qualto identify Welsh products. "Welsh Food Promotions now has the resources and

tance for Welsh-produced food." The greatest success has

from all tea growing districts

and the crop had responded well. "But in some areas

growth had been inhibited by

"Showers have ceased and

less intake has shown some

decline but is still fairly heavy.

intake will show a marked pro-

gressive improvement," ATB

gest foreign exchange earner

after coffee, bringing the econ-

ATB said 128,722 packages

Tea is Kenya's second big-

With milder weather leaf

low temperatures".

omy \$265m in 1991.

ATB said widespread seasonal rain had been reported of \$1.65 in four sales in April,

MINOR **METALS** Prices from Metal Bulletin (last national acceptance for their week's in brackets, if changed). products, especially the soft,

French-type cheeses. They have also had considerable sucmarket 99.6 per cent, \$ per tonne, 1,725-1,750. BISMUTH: European free cess with "Italian" mozarella. Much of the mozarella sold in market. min. 99.99 per cent, \$ per ib, tonne lots in warehouse

> CADMIUM: European free market, min. 99.5 per cent, \$ per lb, in warehouse, 0.55-0.85 1.75-0.95).

ANTIMONY: European free

COBALT: European free market, 99.5 per cent, \$ per lb, in warehouse, 26-27. MERCURY: European free market, min. 99.99 per cent, \$

per 76 lb flask, in warehouse. 140-160 MOLYBDENUM: European free market, drummed molyb-

dic oxide, \$ per lb Mo, in warehouse, 2.30-2.40 (2.20-2.25). SELENIUM: European free market, min 99.5 per cent, \$ per lb, in warehouse, 4.80-5.50. TUNGSTEN ORE: European

per cent, \$ per tonne unit (10 kg) WO<sub>3</sub>, cif, 55-64.
VANADIUM: European free market, min. 98 per cent, \$ a lb. V<sub>2</sub>O<sub>3</sub>, cif, 2.05-2.15. URANIUM: Nuexco exchange

free market, standard min. 65

value, \$ per lb, U3Os, 7.75.

### (As at Monday's close) +1,580 to 270,375

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THEFE AND \$508 189Z

Chicago

#### MARKET REPORT

The London COCOA market resumed its bearish trend yesterday afternoon, ending the day just above the lows although in routine volume. At the London Futures and Options Exchange the September cocoa price closed at £549 a tonne, down £11 on the day. Traders Identified arbitrage selling and the uncovering of sell-stops in the US as the main reasons for the decline. "We may have been affected by stops [stop-loss selling orders] going in New York, but London was looking weak even before that." one trader said. Turnover in COFFEE futures picked up slightly in the afternoon and prices edged

#### London Markets

Dufast   S18.85-6.95   O.05   Short Blend (datad)   D1.06-1.10   O.075   D.005   Short Blend (datad)   D1.06-1.10   O.075   D.005   Short Blend (data)   D1.06-1.10   O.005   D1.06-1.10   O.005   D1.06-1.10   D1.	Parely off fore beauty water		
Brent Bleed (dated)   B11.05-1.10   1.075     Brent Blend (date)   B11.05-1.10   1.05     Brent Blend (date)   B11.05-1.05   0.05     Wr.T.J (1 pm ent)   \$22.30-2.35y   1.05     Cold products   \$22.30-2.35y   1.05     Cold products   \$22.30-2.35y   1.05     Premum Gasolino   \$236-239   0.6     Armonium Argus Estimates.   \$109-201   1.0     Petroleum Argus Estimates.   \$109-201   1.0     Cold (per troy oz)   \$45c   \$109-201   1.0     Palisadium (per troy oz)   \$405c   \$109-201   1.05     Palisadium (per troy oz)   \$405c   \$1.35   1.05     Palisadium (per troy oz)   \$405c   \$1.35   1.05     Palisadium (per troy oz)   \$405c   \$1.35   1.05     Copper (US Producer)   \$10.91c   \$2.05   1.05     Lead (US Producer)   \$27.0c   \$1.00     Cattle (Inve weight)†   \$1.96c   \$1.96c   1.05     Price weight)†   \$1.96c   \$1.96c   \$1.96c     Price weight)†   \$1.96c   \$1.96c   \$1.96c     Cattle (Inve weight)†   \$1.96c   \$1.96c     Price weight)†   \$1.96c   \$1.96c     Cattle (Inve weight)†   \$1.96c     Cattle (Inve weight)†   \$1.96c     Cattle (Inve weight)†   \$	on (per parrel FOB)		+ 01
Street Blend (Jul)   S1.10-1.05   0.05     W.T.I (1 pm est)   S22.30-2.35y   155     Product   S23.6-239   0.6     Product   S23.6-239   0.6     Product   S23.6-239   0.6     Street   S23.6-239   0.1     Street   S23.6-239   0.1     Street   S23.6-239   0.1     Street   S23.6-239   0.2     Street   S23.6-239   0.2     Street   S23.6-239   0.2     Street   S23.6-239   0.2     S23.6-239   0.2     Street   S23.6-239   0.2     S23.6-23	Duhai	\$18.85-8.95	0.05
### W.T.J (1 pm earl)		21.05-1.10	075
Coli   Process   Coli   Process   Coli   Process   Coli	Brent Blend (Jul)	\$11,00-1.05	-0.05
Invite prompt delivery per timne CIP  + an	W.T.I (1 pm est)	\$22.30-2.35y	100
Heavy Fuel Cel   Heavy Fuel Cel		nne CIP)	+ or
Heavy Fuel Cel   Heavy Fuel Cel	Premium Gaseline	\$236-239	-0.6
Naghira Pelroleum Argua Estimates.  Finant Gold (per troy oz) Silver (per troy oz) Silver (per troy oz) Silver (per troy oz) Silver (per troy oz) Patinum (per troy oz) Patinum (per troy oz) Patinum (per troy oz) Silver (US Producer) Copper (US Producer) Tin (Rusta Lumpur maricei) Tin (Rusta			-1
Pelroteum Argua Estimates.  Gold (per troy oz) Silver (US Producer) Copper (US Producer) Copper (US Producer) Cus (US Producer) Cus (US Proma Western) Cinc (US Prima Western) Cottle (Irve weight) Silver (Ive weight) Silver weight) Sil			
Gold (per troy oz)		199-201	-1
Gold (per troy oz)  Gold (per troy oz)  Silver (par troy oz)  Silver (par troy oz)  Silver (par troy oz)  Platinum (per troy oz)  Patinum (per troy oz)  Silver (per troy oz)  Silver (per troy oz)  Silver (per troy oz)  Silver (US Producer)  Troy (Silver (US Prima Western)  Cattle (Inve weight)  Silver (Silver (Silver)  Silver (Silver)  Silv			
Silver (per troy oz)			f Of
Platinum (por troy oz) \$87.75 -1.35 Patinalum (por troy oz) \$80.25 +0.46 Capper (US Producer) 107.91c 10.34 17.0c		\$307.95	-0.80
Patiadium (per troy ez) \$80.25 +0.46  Copper (US Producer) 107.91c 137.0c 137.0			
Copper (US Producer) 107.91c 10.34 Lead (US Producer) 37.0c 17.0 (US Producer) 37.0c 18.05r 10.1 (Keala Lumpur maricet) 18.05r 10.1 (Keala Lumpur maricet) 18.05r 10.1 (See Lumpur maricet) 18.05r 10.1 (US Prima Western) 19.05c 11.0 (Us Prima Western	Platinum (por troy ce)		
Lead (US Producer) 37.0c  Tin (Rueals Lumpur market) 18.05r  Tin (Rueal Surmpur market) 18.05r  Tin (Ruear York) 29.8c  Zinc (US Prima Western) 22.0c  Cattle (Irve weight) 99.10c  Cattle (Irve weight) 98.11p  Pigs (Ifve weight) 91.90p  Pigs (Ifve weight) 91.90p  Pigs (Ifve weight) 91.90p  London dally sugar (raw) 229.0c  London	Paliadium (par troy ez)	\$80.25	+0.40
Tin (Kusta Lumpur market) 18.05r Tin (New York) 289.1c Tin (New Yo		107.91c	0.34
Tin (New York) 259.16 +1  Zinc (US Prime Western) 12.0c +1  Cattle (Inve weight) 199.50 +0.8  Sheep (Ilve weight) 199.50 +0.8  Figs (Ifve weight) 199.50 +2.8  London daily sugar (raw) 255.5  London daily sugar (raw) 255.5  Tate and Lyle export price 1247.5 -1.5  Barley (English feed) Unq  Maize (US No. 3 yellow) Unq  Maize (US No. 3 yellow) Unq  Field (English feed) Unq  Field (E		37.0c	
Zinc (US Prima Western) #2.0c  Cattle (line weight) #9.500 + 0.84 Sheep (line weight) #9.11p + 9.84 Pfigs (fire weight) #9.19p + 2.84 London daily sugar (raw) \$254.5t - 1.5 London daily sugar (white) \$299.0t - 1.5 Tate and Lyfe export price 197.5 - 1.5  Barley (English feod) Unq Malze (US No. 3 yellow) Unq Wheat (US Dark Northern) Unq Plubber (Aug) #9 Plubber (	Tin (Kuala Lumpur market)		+0.14
Cattle (Irve weight? 109-520 + 0.8 Sheep (Ilve weight)? 98.11p + 5.40 Figs (Ifve weight)? 98.11p + 5.40 Figs (Ifve weight)? 91.96p + 2.84 London daily sugar (raw) 2524.5t - 1.5 London daily sugar (white) 329.0t - 1.5 Tate and Lyle export price 1247.5 - 1.5 Barley (English feod) Unq Hellow Wheat (US Dark Northern) Unq Flubber (Jul) 52.60p 52.60p Flubber (Aug) 52.60p 52.60p Flubber (KI, RSS No 1 Jul) 222.0r + 0.5 Coopra (Phillippines) 5405y + 12.6 Copra (Phillippines) 5405y + 12.6 Copra (Phillippines) 5397.5y 50yabeans (US) Cotton 'A' index 63.50c + 1.4			+ 1
Sheep (live weight)†  Sheep (live (live live)†  Sheep (live)†		1921.UC	
### Pigs (five weight)	Cattle (live weight)	109.530	+ 0.64
London daily sugar (raw) \$254.5t -1.5  London daily sugar (white) \$289.0t -1.5  Tate and Lyle export price \$267.5 -1.5  Barfey (English feed) Unq  Malze (US No. 3 yollow) \$149.0t Unq  Malze (US Dark Northern) Unq  Pubber (Juf) \$25.0p -0.25  Rubber (Aug) \$25.0p -0.25  Rubber (Aug) \$25.0p -0.25  Rubber (Aug) \$25.0p -1.5  Coorus of (Philippines) \$600.0t +10  Palm Oil (Malaysian) \$397.5y +2.5  Copra (Philippines) \$150.0t +2.5  Cotton "A" index 63.50c +1.4	Sheep (live weight)		
London daily sugar (white) \$299.0t -1.5 Tate and Lyte export price E47.5 -1.6  Barley (English feod) Unq Malze (US No. 3 yeltow) Tiel.0s Whest (US Dark Northern) Unq Plubber (Jul) \$25.50p -0.25 Plubber (Aug) \$25.50p -0.25 Plubber (KL RSS No 1 Jul) \$22.0r +0.5  Coconut oil (Philippines) \$405y +12.6  Copra (Philippines) \$397.5y +2.5  Copra (Philippines) \$397.5y +2.5  Cotton *A" inde 4 63.50c +1.5		91.96p	<b>+2.64</b>
Tate and Lyle export price 197.5 -1.5  Barley (English feed) Unq  Malze (US No. 3 yellow) Hell.0s  Wheat (US Dark Northern) Unq  Rubber (Aug) 52.50p 52.50p  Rubber (Aug) 52.50p 62.50p  Rubber (KI, RSS No 1 Jul) 222.0r  Coconut of (Philippines) 5405y 12.6  Copra (Philippines) 5397.5y 50yabeans (US) 150.01 +2.5  Cotton 'A' inde 4 63.50c +1.4	London dally sugar (raw)		-1.5
Barfey (English feod) Unq Malze (US No. 3 yollow) Unq Malze (US No. 3 yollow) Unq Mubber (US Dark Northerm) Unq Mubber (Aug)♥ \$2.50p Mubber (Aug)♥ \$2.50p Mubber (KL RSS No 1 Jul) 222.0r + 0.5 Coponut oil (Philippines)\$ \$600.0t + 10 Coponut oil (Malaysian)\$ \$405y + 12,8 Copra (Philippines)\$ \$397.5y + 2.5 Soyabeans (US) €130.0t + 2.5 Cotion *A" inde 4 €3.50c + 1.4	London daily sugar (white)		
Malze (US No. 3 yoliow)		1207.5	-1.5
Wheat (US Dark Northern) Unq  Rubber (AU) \$\Pi\$ \$2.50p \$0.25  Rubber (AU, RSS No 1 Jul) \$22.00 \$1.05  Coconut off (Philippines)\$ \$600.00 \$1.00  Palm Oli (Malaysian)\$ \$405y \$12.6  Copra (Philippines)\$ \$397.5y \$2.5  Soyabeans (US) \$150.00 \$1.2  Cotion "A" inde (63.50c \$1.4	Barley (English feed)		
Rubber (Jul) 9 52,500 40.28 Rubber (Aug) 9 52,500 52,500 52,500 52,500 50.38 Flubber (KI, RSS No 1 Jul) 222.07 50.5 Coconut oil (Philippines) 5600.00 + 10 Fairn Oil (Malaysian) 5405y 12,6 Copra (Philippines) 5397.5y +2.5 Soyabeans (US) C130.01 +2.5 Cotton 'A' inde 4 63,500 1.4 inde	Maize (US No. 3 yellow)		
Rubber (Aug) 4		Unq	
Rubber (KL RSS No 1 Jul)   222.07   F0.5			
Coconut off (Philippines)§ \$600.0t + 10 Paim Off (Malaysian)§ \$405y + 12.6 Copra (Philippines)§ \$397.5y + 2.5 Soyabeans (US) \$150.0t + 2.5 Cotton "A" inde (	Husber (Aug) W		
Paim Oil (Malaysian) \$ \$405y		222.0r	+ 0.5
Copra (Philippines)5 \$387.5y +2.5 Soyabeans (US) \$150.0t +2.5 Cotton "A" inde 4 63.50c +1.4	Coconut oil (Philippines)§		
Soyabeans (US) \$150.0t +2.5 Colton "A" inde 4 63.50c +1.4	raim Oli (Malaysian)§		r 128
Colton "A" inde ( 63,50c + 1,4			
- 149			
riumandi 1973 Suderi - 419a	Woottops (64s Super)	63.50c 418o	+ 1,4

higher by up to as \$4. But traders were not expecting any significant price recovery until nearer the first set of International Coffee Agreement negotiations on June 22-26. At the London Metal Exchange **ALUMINIUM** prices came under further pressure in spite of a fall in LME warehouse stocks. Dealers attributed the cash position's \$20 fall to a 212-month low of \$1,269.50 a tonne to Investment fund figuidation. The price has now lost \$40 in an uninterrupted 4-day silde. Duli fundamentals continued to weigh down the NICKEL market, in Spite of Chinese buving

SUGAL	t ~ Lond	Ost POX	(\$ per tons
Rew	Close	Previous	High/Low
Aug	224.00	225,80	226-20 223.00
Oct	214.00	216.00	215.60 215.40
Gec -	205,00	204.00	203.00
Mar	206.00	207.00	208.00
Thile	Close	Pravious	High/Law
Aug	286.50	292.40	294.00 287.50
Oct	269.50	272.50	272.40 268.50
Jee	269,10	272.00	271.00 270.60
May	273.00	279.50	274.80 272.00
A com	276.00	284.50	277.70 277.00
Qei .	280.00	276.00	282.00
Paris-1489.51	280.00 er: Risw 1- 453 (345) White (FF	276.00 46 (417) fot r per tonne	
Turnovi Milita I Paris- 1489.51	280.00 er: Raw 1- 453 (345) White (FF	276.00 46 (417) fot r per tonne	282.00 s of 50 tonnes. s): Aug 1801.75 C
Turnovi Multe I Paris- 1459.51	280.00 er: Riner 1- 453 (345) White (FF	276.00 46 (417) fot r per tonne per	282.00 s of 50 tonnes. s): Aug 1801.75 C \$/ban us High/Low
Carnova White I Paris-1 1453.51	280.00 er: Flaw 1- 453 (345) White (FF I OHL - II Cless 21.03	276.00 46 (417) foto per bonne PE  PRIVIO	282.00 s of 50 tonnes. a): Aug 1801.75 C \$/ban us High/Low
Carnova White I Paris- 1459.51	280.00 er: Risw 1- 453 (345) White (FF Cless 21.03	276.00 46 (417) fotor per tonne PEE  PEE  PEE  21.13 21.03	282.00 s of 50 tonnes. s): Aug 1801.75 C \$/ban us High/Low
White I Paris- 1488.51	280.00 er: Flaw 1- 453 (345) White (FF I OHL - II Cless 21.03	276.00 46 (417) foto r per tonne PE Previor \$ 21.13 20.95	282.00 s of 50 tonness. a): Aug 1801.75 C 3/ban us High/Low 21.00 20.85

	Clos		us High/Low
ul	21.03		21.11 20.06
N.	20.90		21.00 20.86
eb	20.83		20.90 20.80
ct	20.74		20,79 20,75
iαν	20.60		20.89 20.60
E Ind	ex 21.18	21.20	
umov	Br 27540 t	23835)	
	IL - EPE		D/C
	Close	PhiMicos	High/Law
471	107.26	188.25	188.65 188.00
3	188.25	189.50	188.00 187.00
ug.	190.00	191,50	191,00 186.60
ep	192.00	193.75	163,00 191,5
	194.25	195.5Q	194,75 193,25
	196.00	197.25	196,50 195,25
ei 64			197.60 196.75
	197.50	198,25	187,00 100-12
ec ec			of 100 tonnes

#### COCOA - Lunda POR **Words** Close 524 65 827 514 705 784 er; 3864 (1885) lets of 10 termes ICCO Indicator prices (SDRs per price for Jun 8 678.77 (683.28) 10 for Jun 8 687,28 (680.02) **COFFEE - London POX** 708 734 765 773 790 70年 731 7年

أتال	708	706	709 795	
Sep	734	731	734 728	
Hirr	765	752	700 F90	
Jan.	773 790.	785	773 770 787	
May	29U- 207	799	800	
100 In	dicator pr	136) lots of 1 rices (US c flv 48.80 (48	5 tonnes ents per po 1.97) 15 day	ound) for
49,91				•
POTA	TOE5 - L	anden FÜ	<u> </u>	2/tours
	Clime	Provide	High/Low	
Apr	85.8	87,8	88.0 86.8	
Turnos	ver 108 (4)	Z) lots of 20	tonnes.	
		•	-	
EZYA	- 100	Loadon FO	×	Eftoone
	Close	Previous	High/Low	
	126.50	127.0	126.50	
Jen				
Tumo	ner 192 (0)	lobs of 20 to	annes.	
PER	HT - Los	odon POX	\$10/100	dex point
	Character	Previous	High/Low	
Jun	1102	1106	1115 1102	
	1030	1030	1050 1030	
أوزال			1070 1045	
Aug	1045	1053		
Aug Oct	1184	1173	1175 1184	
Aug				

Jun	126,50	127.0	126.50
Tumov	r 192 (0)	lots of 20 t	Cinnes.
PERM	IT - Los	don POX	\$10/index point
	Close	Previous	High/Low
Jun	1102	1106	1115 1102
قوول	1030	1030	1030 1036
Aug	1045	1053	1070 1046
Oct	1164	1178	1175 1184 1245 1210
86	1187	f 192	1270 7410
	r 196 (35	1	
1011040	H 100 (00	•	
GRAIR	- Local	POR	epnof\2
all beaut	Ciose	Previous	High/Low
Jun	126.50	126.00	124.50 126.50
5-6	111.20		111.20 111.10
Nov	114.35		114,35 114,00
Jan	118.15	117.50	1420 118.00
Berlay	Close	Provinces	High/Low
Sep	107,90	107.50	107.90
Turnove	r: Wheat	72 (25) . B	arley 0 (0).
Turnove	er licits of	100 Tonnes	L.
			ash Settlement) p/kg
P1Q5 -	London		
	Closs	Provides	High/Low
Jun	119.5	119.5	118.6 116.4
اسد	1125	112.0	112.2 (12.5 105.5 105.0
Aug .	106.0	104.8	105.5 105.0
340	107.0	-	108.0 107.8
Oct	100.5		106.0 107.8 309.0
Nov	1100		
Turnove	(35) (E)	lots of 3,25	Ç k <u>e</u>

CHIDO:	MILITAL DAY	and the same	<u>Y</u>	Lines Sobheer i	7	OF NAMES TIMES
	Claim	Previous	Migit/Low	AM Official	Kerb class	Open Marres
Mumbelon	SUL NEWS	(1 per tonne)			Total daily tu	mover 33,524 lo
Cash 3 months	1289-70 1285-95.5	128 <del>9 9</del> 0 1316-6.5	1513/1261	1278-79 1305-06-5	1202-02.6	157,915 loca
Copper, G	rade A (C per	ignne)			Total daily bu	mover 12,277 lo
Cash a montile	1228.5-29.5 1288.4-51	1232-33 1253.5-64	1227/1226 1257/1249	1226.5-27.6 1361-01.6	1255.0-07	109,768 lots
Lead (£ pa	r tonne)				Total daily to	urnover 4,824 los
Cash 5 months	296-97 307 5-8-5	300-02 310-11	297.25 310/306	297-7.25 109-9.5	307,5-05	16,462 lots
Nickel (3 p	er tonne)				Total daily to	Imover 6,567 lot
Cesh 3 months	7050-70 7145-50	7096-100 7160-83	7185/7105	7119-20	7120-25	25,600 lots
Tin (5 per t	tonne)				Total daily to	imover 2,308 lot
Cash I months	6460-65 6500-05	6405-18 6450-60	6540/6480	8500-05 6535-40	6610-15	9,133 tota
Inc, Speci	lai High Grad	e (\$ per tonne)			Total daily &	irnover 8,674 lot
Cash a months	1439-41 1261-52	1443-45	1449/1448 1253/1248	1251-62	1253-54	54,500 tota
BPOT: 1.83	og č/6 reter 26	3 months: 1.6	1022	6 months: 1,70	06	D months: 1.761

POT: 1,8328		3 mor	Sign I.	THE STATE	B t	monthat 1	7106	1 ma	agus 176
			-						
Prices suppl			oderiett.		N€	w Y	ork		
					GOL	100 tray	oz.; \$/troy	. Z.	
iaid (troy o	s price		E agul	ratent	-	Close	Previous	FiliatyLow	
lose	237.80-3	4-			Aug		338.2	338.4	337.6
Trend (III)	337.50-3				Jul	338,3 339,1	339.0	338.4 D	0
forming fix	337,70		183,463	3	Aug	340.2	340.1	340.3	339.6
Viermon Tie			163.607	7	00	342.1	342.0	342.2	341.6
ley's high ley's low	338, 10-3 337, 40-3				Dec	346.5	346.4	344.2 346.4	343.6 346.4
oco Lón Me			G-1	756 (1000)	Acr	348.8	348.7	346.5	348.5
			_		Jun	351.2	MIV.	351.2	351.2
morm months	3.52 3.47	8 mo		3.41 3.55	AUD	353.9	353.5	353.8	353.8
months	1.45	12 111	CHEST	3.55					
mer fix	p/troy or		US ets	ednia					
pal	220.80		405.45		PLAT	NUM 50 1	roy oz; \$/tro	7 52.	
months receiving	226.10 231.60		403.45 112,70			Close	Problem .	High/Low	
2 months	242.50		123.95		Jul	383.2	366.7	366.5	362.7
OLD COUR			_		Oct	369.7	373.0	372.0	369.0
Prices micel		CHANNE	MAKKAN	1		367.8	371.3 371.1	371.5 370.0	357.5 370.0
	\$ price			valent	-	301.0	971.1	4/0,0	aruu
regenant	337.76	338.75	100,75	184.35					
taple last	348.25			100.00					
Several a	m 200-6	4.00	45.25	45.75	SILVE	R 6,000 to	roy oz; cent	N'troy oz.	
RADED OF	TICHS					Close	Provious	High/Low	
Juminkan (9	9.7%)	Calls		Pus	Jun	404.7	404,7	0	9
trike price S	tonne Ju	5ap	JUG	Sep	Ari	404.8	404.8	406.0	404.0
300	77	99	3	7	Aug	406.6 407.8	408,6 407.5	0 409.0	407.0
300	33		6	43	Dec	412.5	412.5	€13.5	412.0
400		. 7	30	111	Mar	417.7	414.2	0	0
opper (Grad	(a A)	Calls		Púlsa.	May	421.2	417.7	416.0	419. <b>0</b> 0
100	16	155	3	3	Ju	45.0	425.0	425.5	425,5
200	47		3	12	Sep	429.3	429,3	0	0
300	6	24	40	55					
offee	Ju		أنثل	Sep					
50 00	56 16	89 51	8	17	HIGH (	GRADE C	OPPER 25,0	00 lbs; cent	s/Rps
50	1	25	43	41		Close	Previous	Highlaw	
0000	Ju	360	Jul	300	Jun	103.85	103.90	104.00	103.50
00	29	54	1	6	Jui	104.00	103.85	104,25	103.30
25 50	10	36	9	12	Aug Sep	103.90 103.80	103,75 103,65	103.50 104.00	103.20
	2	- 22	24	23	Oct	103.75	103,55	103.75	103.75
-	Ju	Aug	Jan.	Aug	Nov	100.70	103,45	0	0
150	_	43	4	29	Dec	103.05	102,35 103,05	103.65	103.10 103.00
100	12	24	9	51	Feb	103.05	103.05	102.75	102.75
150	f	13		80	Minn	102 60	102.45	102.55	102,45

4 lots	لوك				
		22.32	22.44	22.36	29,27
000	Aug Sap	22.30 22.18	22.42 22.28	22.36 22.28	29.26
7 lots	Out	22.07	22.16	22,12	22.15 22.03
/ Ingles	Nov	21.98	22.04	22.01	21,94
ota	Qee Juin	21.85 21.72	21.92 21.76	21.90 21.75	21,81
4 lots	Feet.	21.35	21.64	21.62	21,55
	Mar Apr	21,48 21,32	21.51 21.53	21.44 21.35	21,44
	repa		211.50	€1.453	21,28
7 lots					
_	45-1				
	HEAT		12,000 US 0	ells, cente	/US gells
0 lots		Cione	Previous	High/La	W
	.bg	6056	6131	6110	6050
4 lats	Aug	6223	6176 6280	6100 6260	6105 6215
	Oct	6313	2225	6350	IEA tO
	Nov Dec	6399 6479	6450 5523	6435 6510	6400
1610	Jeen	6488	9528	6510	6475 6485
1010	Feb	6369	6393	6385	6355
	Mar Apr	6114 6008	6148 5923	6150 5925	6135 6925
	-		res;\$/tonne		
		Close	Previous		
_	Jul	Esti			
	-018 Seco	883	856	855	835 879
	Dec	939	954	955	<b>536</b>
•	Mar	1021	1002	1034	988 1020
•	Jul	1048	1001	1046	1045
3	Sep Dec	1079 1116	1091	1091	1991
•	-1-66	-110	1100	0 14ME	1122
5					
Í	COPPE	E -C- 37	,000 is; ca	mist/libs.	
		Close	Previous	High/Los	*
	Jul	41,80	61.60	21.95	61.55
	Sep Dec	63.60 66.55	63.60	63.85	63.45
	Mar	69.45	65.60 69.50	66.70	66.35 69.30
	May	73.60	73.70	73.65	73.60
		75.85 17.85	78.45 77.85	75.75 78.00	75.75 78.00
	jui Sea	11,25			
	<b>S</b>			in ibs ce	nts/lbs
	<b>S</b>		"11" 112.0		
	SUGA	R WORLD	"11" 112.0 Provious	High/Los	
	StugA Jul Oct	10.01 0.46	Provious 10.15 9.50	High/Los 10.12 9.50	9.97 IL45
	SUGA Jul Oct Mar	10.01 Q.46 9.35	*11" 112.0 Freeloas 10.15 9.50 9.40	10.12 9.50 9.38	9.97 IL43 9.33
	Stugal Stugal Jul Oct Mar Mary Jul	10.01 Q.46 9.35 9.26 9.20	Provious 10.15 9.50 9.40 9.31 9.24	10.12 9.50 9.38 9.30 9.22	9.97 ILI-1 9.33 9.28 9.20
	Stuga Stuga Jul Oct Mar Mar	10.01 9.46 9.35 9.28	Provious 10.15 9.50 9.40 9.31	10.12 9.50 9.38 9.30	9.97 IL 43 9.33 9.28
	Stugal Stugal Jul Oct Mar Mary Jul	10.01 Q.46 9.35 9.26 9.20	Provious 10.15 9.50 9.40 9.31 9.24	10.12 9.50 9.38 9.30 9.22	9.97 ILI-1 9.33 9.28 9.20
	Stugal Stugal Jul Oct Mar Mary Jul	10.01 Q.46 9.35 9.26 9.20	Provious 10.15 9.50 9.40 9.31 9.24	10.12 9.50 9.38 9.30 9.22	9.97 ILI-1 9.33 9.28 9.20
	StuGA StuGA Jul Oct Mar May Jul Oct	10.01 9.45 9.25 9.20 9.00	Provious 10.15 9.50 9.40 9.31 9.24 9.05	10.12 9.50 9.38 9.30 9.22	9.97 ILI-1 9.33 9.28 9.20
	StuGA StuGA Jul Oct Mar May Jul Oct	10.01 9.45 9.25 9.20 9.00	Provious 10.15 9.50 9.40 9.31 9.24	10.12 9.50 9.38 9.50 9.22 0	9.97 ILI-1 9.33 9.28 9.20
	StuGA StuGA Jul Oct Mar May Jul Oct	R WORLD 18.01 9.46 9.25 9.20 9.00 ON 50,000 Crose	Provious 10.15 9.50 9.40 9.31 9.31 9.05	10.12 9.50 9.38 9.30 9.22 0	9.97 1.43 9.33 9.28 9.20 0
	StiGA StiGA Oct Mar May Jul Oct	10.01 9.46 9.35 9.20 9.00 004 50,000 Green 81.49 63.23	9"11" 112,0 Provious 10.15 9.50 9.40 9.31 9.24 9.05 Conta/lbs Provious 60.44 51.69	10.12 9.50 9.38 9.30 9.22 0	9.97 1.43 9.33 9.29 9.20 0
	StigA StigA Jul Oct Mar May Jul Oct	R WORLD 19.01 9.46 9.35 9.29 9.00 OM 50,000 Gese 81,49 63,23 62,71	"11" 112(6 Provides 10.15 9.50 9.40 9.41 9.24 9.05 contaribs Provides 60.44 61.69 61.55	10.12 9.50 9.38 9.30 9.22 0	9.97 1.43 9.28 9.20 0
	StigA StigA Jul Oct Mary Jul Oct Corro	10.01 9.46 9.35 9.20 9.20 9.00 PM 50,000 Cross 61.42 62.71 63.75 63.90	"11" 112( Providua 10.15 9.50 9.40 9.31 9.24 9.05 Centa/bs Providua 60.44 61.69 61.55	High/Lor 10.12 9.50 9.38 9.30 9.22 0	9.97 1.43 9.33 9.28 9.20 0 51.00 62.45 61.62 63.40
	StigA StigA Jul Oct Mary Jul Oct COTTO	18.01 9.45 9.25 9.25 9.20 9.00 ON 50.000 Green 61.49 63.75 63.75 63.75 64.56	"11" 112,0" Providua 10.15 9.50 9.40 9.31 9.24 9.05 Providua 60.44 61.69 61.55 62.77 63.40	High/Lor 10.12 9.50 9.38 9.30 9.22 0 High-Lor 62.30 63.49 64.00 64.75	9.97 L.43 9.28 9.20 0 51.00 62.45 61.62 63.06 63.40 64.45
	StigA StigA Oct Mar Mary Jul Oct Cott Dies Mary Mary Jul Oct	10.01 9.46 9.35 9.20 9.20 9.00 PM 50,000 Cross 61.42 62.71 63.75 63.90	"11" 112,0" Provided 10.15" 9.50 9.40 9.31 9.24 9.05 conta/los 60.44 61.69 61.55 12.76	High/Lor 10.12 9.50 9.38 9.30 9.22 0 High-Lor 62.30 63.49 62.90 64.00 64.75	9.97 1.43 9.33 9.28 9.20 0 51.00 62.45 61.62 63.40
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*	DOT!	ACHIANS 5	coo ou min:	Conta/60m	DUST
29,27	-	Close	Provious		
32.18	76.4				
22.03	Jul Avid	630/0	821/4 825/4	833/4 837/0	625/4 929/4
21,94		638/0	829/6	641/6	635/0
21,81 21,85	Nov	645/0	637/0	648/4	641/0
21,55	Jiin	651/6	648/6	655/0	. 649/0
21.44	Mar	659/0 663/0	651/6 655/0	662/4 664/4	656/0
21,26	30	882/6	655/4	657/4	880/0 882/0
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	BUT,		. 80,000 fbs;	CONCOVID	<u> </u>
is gelle		Close	Province	High/Lo	W
	310	22.07	21.75	22.29	21,85
	Aug	22,13	21,66	22.42	21,96
6050	Sep Oct	12.05	22.05 22.16	起房	22,20
6105	Dec	22.80	22.45	22.97 22.97	22,60
6215 IE110	Jen	22.90	20,45	23.00	22.75
6400	Mar	23.11	22,75	23.20	22,98
6475	Ucy	5.3	22.97	. 0	0
8485	SOY	UBEAN ME	AL 100 tons:	Shon	
6355 6135		Close	Previous	High/La	
6925	Jul	185.9			
	AND	186.4	184.B	187.3 187.9	185.6 185.0
	Sep	187.5	185.0	188.2	186.6
	Oct	204.7	203.3	206.3	204.3
835	Dec Jen	305.7	203.6	207.0	205.0
879	Mar	206.0 207.0	204.3 204.3	207.0	205.3
996 988	Maly	206.2	204.5	207.5 0	208.5
1020			min; cents/		
1045				ACID ORRUG	
1Q91		Close	Previous	High/Lo	w '_
1122	Jen	284/0	283/4	266/0	262/6
	Sep Oec	267/2 270/4	298/2	269/2	200
	Mar	277/6	269/6 276/4	273/6 280/0	270/0
	May	280/0	279/0	2000	27712 27914
	H/4	282/4	282/4	294/0	282/9
61.55	Sep Dec	267/0 284/0	267/4	269/2	267/0
63.45			264/0	26470	282/4
66.35	WHEE!	T 5,000 b	min; cents/	60lb-bumbe	A
69.30 73.50		Clo	Provious	High/Los	
75.75	Jul	376/4	369/4	377/0	372/2
78.00	640	379/4	374/4	380/0	376/4
s/lbs	Dec	385/6	382/4	387/0	384/0
	May	371/0	382/4 388/0	388/0. 371/4	384/2 . 379/0
0.07	Jul	346/4	343/0	347/0	344/6
9.97 Lk3	Dec	363/0 363/0	349/4	0	. 0
9.33			369/4	0	
9.28	TIAE (		.000 lbs; cer	ts/lbs	
9.20		Close	Previous	High/Lav	
-	Jun	72.475	73.050	73.550	79.250
	Aug	70.876	70.675	71,150	70,773
	Oct	70.375 70.000	70.025	70.500	70.770
	Feb	69.750	69.875 69.450	70,150	9.670
	Att	71.025	70.750	69.950 71.075	(C) (C)
	สมก	68.500	68.225	<b>88</b> .500°	m. 450
81.00	TIAE !	10 <b>0</b> 3 40,0	00 fb; center	be	
62,45 61,62	_	Close	Previous	High/Lov	
63.05	Jun	47.826	47,500		
63.40	Jul	44,700	44,825	47.725 45.150	47.225 44.550
84.45 11	Aug Om	42.125	42.356	42.476	42.100
-	Desg	41.02	29.075 42.050	39.250	38,660
	Feb.	43.77	43.275	42, <i>150</i> 43,600	41.550 43.325
	Apr	42.560	42,450	42,700	42,400
132.30	dun.	47.950	9.800	47,950	47,000
124.20	PORK	BELLES 4	10,000 lbs; od	entsi/Ro	
176.65		Cita	Francious	High/Low	<del></del>
115.00	Jul	33.075	- 33,400		
Q	AMI	30.575	30.950	33.600 31.350	32,650
145 68	Feb	43.750	42.675	44,080	30,400 43,400
115.00					
0 0	AGE	43.050	43,100 44,150	43,520	43,000

#### LONDON STOCK EXCHANGE

### Rally quenched after US selling bout

By Terry Byland; UK Stock Market Editor

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THE LONDON equity market was showing signs of finding its feet yesterday until a weak opening on Wall Street triggered a sudden sell-off in stocks in the UK by a leading US securities house. The fragility of the UK market was tested by renewed concern in the utility sectors after first BT, and then water stocks, attracted the interest of their respective regulatory authori-

. Share prices stood up well in early trading, brushing off an easier trend in some European markets as they returned from the one-day holiday. The FT-SE Index crawled above the 2,650 resistance mark again, helped

by a recovery in banking stocks and speculative demand for life assurance issues. Also helping sentiment was a steadier performance from the futures sector.

But progress was checked by a fall in BT shares after Oftel, the industry watchdog, said it planned to restrict future price increases. Trading in both ordinary and partly-paid shares of BT was heavy,

The market's rally melted away as the US house began to sell stock and London quickly turned down after Wall Street gave ground in early trading to show a loss of 20 Dow points in UK trading hours.

The FT-SE Index closed at 2,635.4, the net loss of 10.4 leaving it just above the day's low. Seaq trading volume, spurred

Account Dealing Dates Jun. 16 Jun 29 Jun 25 10 ابط Jun 26 Jun 22 Jul 20 Jul 6

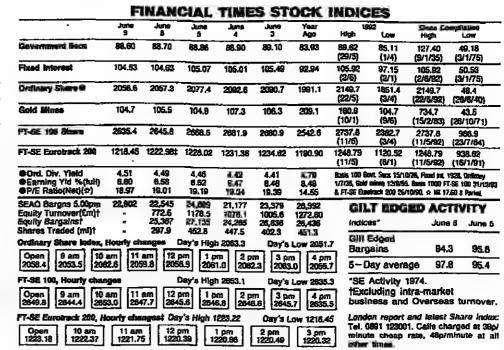
by the sell programme, increased noticeably to 488.3m shares from Monday's abysmal 305.7m. Customer, or retail husiness in equities in London. fell to only 2772.6m on Monday, breaking a run of four consecutive sessions returning daily customer business levels of over £1bn, the benchmark for a healthy, profitable market. Traders commented that the

mood of the market was gener-

ally nervous and that confi- that Wall Street is losing hope dence was not helped by in any further easing of policy reports that some leading Lonby the Federal Reserve just at don-based houses were beginpresent. Adding to the cautious mood ning to lower their year-end of the stock market, last forecasts for the UK market. The absence of clear evidence

week's £242m rights call from of an economic recovery, Blue Circle, the UK constructogether with the uncertainty tion industry group, has prompted by the growth of revived fears that the stock anti-Maastricht sentiment, market could be hit by a new have cast a cloud over the near wave of funding demands. term outlook for equity invest-However, the mood was

lightened by signs that UK equities may have been oversold last week. The banking sector, the cause of much of the upset, was in better shape ing would be quickly affected if as bid speculation died down and the arbitrageur holders of shares in Midland Bank looked hopefully for a better lead from the share price of Hongkong & Shanghai Banking.



#### Oftel move hits BT

NEWS that Oftel, the telecommunications watchdog, had introduced a much tougher price-capping formula than expected, hit BT shares, which underperformed the market to close a net 7% off at 354p. The partly-paid paid shares were also heavily sold and settled 7 lower at 133p. Turnover in the "old" shares reached 12m, while the "new" partly-paid stock attracted turnover of 19m shares.

Oftel told BT that its price fixing formula would be altered to inflation minus 7.5 per cent - compared with the current inflation rate of minus

6.25 per cent. Oftel's move was more negative than expected but still manageable, according to Mr Paul Norris at BZW. Mr Marshall Whiting, telecoms specialist at Girozentrale Gilbert Eliott, the stockbroker, said Oftel's move "kills off suggestions that BT is loosely regulated". He added that the pricecapping "runs the risk of putting too heavy a burden on BT's operating network; if you pare costs too much and hold back on investment then the service will inevitably deteriorate". The Girosentrale analyst said BT shares "will tread water at best, possibly they will track the market".

Mr Bobby Phillips of the telecoms team at County NatWest described Oftel's moves as harsher than expected but almost in the price". He said downgrades after the news. County reduced its 1994 estimate from £3.4bn to £3.3bn.

The BT price cap also affected Cable & Wireless (C&W), which, via its Mercury telecoms operation, is BT's only UK opposition. C&W shares retreated 16 to 535p.

#### Frogmore placing

A placing of 3.9m shares in Frogmore Estates dragged the price down 32 to 268p. Regalian Properties, which had bought a stake of about 10 per cent in Frogmore last year for around 350p per share following a rights issue placed these yes terday at 265p, against the overnight price of 300p.

Regalian, which lost a fifth of its value on Monday, falling 5p, recovered 2 to 22p yesterday, ahead of today's results, but dealers suggested that questions are likely to be asked by shareholders after a particularly ill-judged move.

It was estimated that after taking into account various expenses, including the cost of carry, Regalian lost some Sam

#### **NEW HIGHS AND** LOWS FOR 1992

MITIE Scoti Pickford, Warner Howard.
CONGLOSSERATES (3) Bodycote Intl. Jardine.
Boot An ELECTRICALS (1) ASEA D.
- composition of Admiral Forestill.
Creekam Mina Radius, Telemetra, Cara
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The number of FOOD MANUF (1) SOURST.
(2) Dawsongroup, Tibbett & British, MINES
(2) MBA, Melinga.
CO MEN, HORITAGE.
NEW LOWS (63). AMERICANS (4) Abbott Labe. Amer
Cyanamid, Gillette, Rockwell inti,
CANADIANS (4) BCE, Canadian impl Bk.
(3) Explairs, Plasticual, Unigroup, BUSINESS
SERVS (2) Burns-Anderson, Proudtoot,
SCRAD (S) Drug-Wilderger
CHEMICALS (1) Schering. CONGLOMERATES (1) AGA, CONTR 4
CONGLONE MATER (1) MARIE
CONSTRUM (2) Cussins. Dunton,
ELECTRICALS (1) Molyns, ENG GEN (2)
BSS, Haden MacLettan, MANUF (1) Little
Biscuits, HEALTH & HSEHOLD (1) LINY
(Eii) HOTELS & LEIS (2) Feirline Soats.
Quadrara, RISCE COMPOSITE (1) Standle,
Fleming Amer Cnv 1999, Fleming Intl High
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Setulus I General Figurious Propries
LINE TO THE PLANTAGE CHILD. THE HEAVY CONTRACT
Expire, Greenwich Res. Kells Minerale.
Picture Pieter Israel Martin Soughton.

on the deal over the six-month period that it held the shares. Regalian said that it had raised £10.57m through the sale and would use it to reduce group

borrowings.

In the banking sector, Midland Bank staged a strong revival after the sharp falls of the past couple of trading sessions triggered a flurry of cheap buying and the closing of short positions. The shares ended the day 6 higher at 426p on hefty turnover of 14m.

#### Reuters unsettled

Reuters shares were unsettled by a cautious investment note from BZW. The broker told its clients that "the shares would need to fall to a price earnings relative of 125 or below before we renewed our buy recommendation."

BZW claims that the progress of Reuters' Dealing 2000-2 foreign exchange dealing system has been no more than gradual: that liquidity on the system is low with nine out of the ten banks involved in the Electronic Broking Service, competitor to the Reuters system, deciding not to participate in the initial phase of Dealing 2000-2 until it proves successful, hampering the rate of take up. Reuters shares closed 14 lower at 1134p.
The insurance areas of the

market were set alight by two stories; one, the suggestion that Swiss based Zurich Incore. ance, and UAP, the Franch company are keen on buying a

UK life assurance outfit; two, that life assuarance group London & Manchester is about to adopt the method of transferring any surplus from its life fund to the company's profit

and loss account. The news triggered a strong advance by all the life assurance stocks, with Prudential leading the way and finishing 9 higher at 251p on heavy turnover of 6.8m shares, London & Manchester jumped 18 to 286p. A block of 5.5m Refuge

shares, just over 10 per cent of the equity, traded at 705p very lete in the session. Composite insurance stocks also made strong progress led by Royal, shares of which were boosted by hints that the longrumoured sale of its Royal Life

subsidiary is imminent; Royal shares closed 9 higher at 254p, with a hefty 2.9m traded. Guardian Royal, long viewed by UK analysts as the prime takeover target in the sector, moved up 5 to 155p. Shares in bid target Dowty Group, the aerospace and

information technology compeny, currently the subject of a hostile bid from specialist engineering group TI, closed a penny lower at 175p, equal to the cash alternative of the bid terms. The view in the market is that TI is likely to emerge the winner after today's lpm deadline for the bid. One analyst said yesterday, "its in the bag for TI, so its the end of the road for Dowty." TI also eased a penny to end at 352p. Land Securities slipped 11 to



While the London market is

still considered to be fairly val-

ued at current levels, there is

the underlying fear that its rat-

the the UK Government's

heavy funding programme is

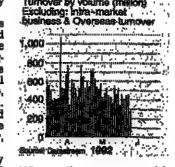
upset in any way. London

reacted sharply yesterday to

suggestions from New York

CERTIFIED

Equity Shares Traded Turnover by volume (million)



397p as the company, with large property holdings in the Victoria area of London, appeared to be badly placed in any deal involving the movement of civil servants to Canary Wharf.

The oil sector remained under pressure but was helped by a bullish note issued by Hoare Govett. The stockbroker said latest data suggests that OECD first quarter demand rose by about 2 per cent, mostly attributable to stronger than expected demand in

North America and Europe. "We believe that the prospects for sharp oil demand recovery after the recession has been underestimated and that it should be possible for OPEC to achieve oil prices which average to its target, \$22 for Brent crude," said Mr Nick Antill at Hoare.

Ship builder Vosper Thornycroft jumped 25 to 325p after the company reported a 12 per cent improvement in full year profits at £16m, ahead of analysts forecasts. The market was particularly cheered by news of the current order book put at around £700m stretched over a five-year period. Predicting current year profits will rise to £20m, Mr Clive Forestier-Walker at Charterhouse Tilney said: "Few companies have such a strong long term order book and strong cash position." Panmure Gordon, the company's broker upgraded its forecast by £1.5m to £19m.

Turnover in Rolls-Royce rose to 5.1m and the shares firmed 2 to 165p. Charterhouse Tilney favours the stock.

Powerscreen edged a penny forward to 282p after reporting an improvement in full year figures. Mr Martin Ruscoe at Charterhouse Tilney predicted current year profits of £22m.

MARKET REPORTERS: Steve Thompson Joel Kibazo Colin Willham.

Other market statistics, Page 18.

Volume	Clasing	Cay's change	Votes	4 Cloub	g Ony i	Volume	Clasing	Day's	Volume Closing Day's 800's Price change
		-	Cosan Union 1,00		+4			CHE QU	
ASDA Group 7.400	33 6	+5	Cookson 1,10	9 156	-3	MB Caradoa 1,500	130 272		Shell Transport 1,700 517 Slobe 685 718 +6
Abbas Matteres 2 200	200	-1	Countaukte	1 549	+1	MEPC 914	300	-6	Sigueth Ests 408 183 -7
Albert Flater 774 Albert - Lyons 1,900	/5 RES	+4	De La Rue 7	414	-1	Manush	346		Smith (W.K.) A 327 450 +4 Smith & Hardew 2400 148 2 + 23
Austrad 4,900	37 b	7 2 b	Divoca	n 246	4.4	Marks & Spencer 3,600 Midland Sept 14,000	326 426	+1	Smitt Beecham 1,200 877 1
Another Motor 823	431	-ā`	Eastern Elect 99 East Midfand Elect 1,30	275	-4	Midlanda Elect 479	304		Smit Beechern Uts 144 3913 - 17
Arges	268	1	East Midland Bock 1,30	288	~9	Michaela Elect 479 NFC 785	282	-4	Smitte Inde 1,100 294 +119
Argyl Group	354	- 1	Eng China Clays 220 Enterprise Oil	651	-6	Halfvest Back 1,835	343	-7	Southern Elect 702 292 -4
Ass. Brit Foods	440	21 <sub>2</sub>	European Chris	358	-5	National Power 2 100 Next 559	341 98	-3	South Violen Elect 307 363 South Floor Comp 547 413 -2
			FIG	- 20	41	North West Water 1300	419	-4	South West Blect, 565 311 -2
BAA 4,000 BAT leads 1,900 BET 3,000	676	-3	Fisons	i 3€4	+2	Northern Elect 226	326	-1	Southern Water 1,407 414 -1
EAT leds 1,900	781	+8				Northern Foods 806	991	-8	Standard Churtd 2700 460 -4
BICC 1,500	342	-2	Gen. Accident 79 General Biscl 7,80	-	- 5-	Nonweb	394 845	† į	Storehouse 189 146 11 San Alliance 1800 312 14
BOC 1,400		H	Glass	73	-3	PAO412	22	*1	Sun Atlanta 1,800 312 +4 T&N
BOC	帽	+2	Giverned int 1.20	243	-7	Philippion 1400	150	-2	11 Group 950 300 -1
	482	-8	Grenada 1.63	265	+ā	PowerGes 4,000	349	-4	13B Z/400 143 -1
Bank of Scotland 332 Barchys	114	+2	Grand Met	444		Prudentiel 6,600	351	+9	Tarmer 2,200 126
Bass	386 685	-	GRE290	1417	-6	RIM		+1	Tate & Lyle
Berteloni Int 385	2012	- 10	CHOIL TO	474		RTZ		-1	Tesco 4200 267 -339
Bloe Circle 1,700	204	-5	Guinness 2,70	<b>3</b>	-2	Finent 9 AGG	Öű	وا ب	Thamps Witter 1,500 430 -45
Booker		+5	Hammerson 'A" 1	370	-1.	Rack Org. 1,000 Recklit & Colemn 1,200 Recklend 1,800		-8	Thorn El-41
Boots	450	+3	Harmon	3 221	-35	Reckit & Coleman 1,200	549	-2	Tomitine 585 472 -8
Brit Accordance 1600	號	-1	Henson Warracts 100	- 23	+3	Reed loil, 120		-3 +1	Trataiger House 4,000 128 - 6
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British Land 346 BP 5,600	203	-1 ~	C	49	-4	Holia Royce 5,100		+2	Ltd. Newspapers 606 423 +6
British Steel 6,100	774 1	e la	inchespe	418	-4	Rollingers	1000		Yodslone 4,300 570 +1
British Telecops 12,000	22	-7,	Kinglisher	816	16	Ryl Bk Scotland 2400		+9	Westung (SQ)
Br. Telecom New 19,000	133	-72	Lactoroid	22	+1	Royal traurance2500 Seaschi9600			Vietsh Water
Correl SMI	407	+1	Lactoroky 1.30 Land Securities 2.20	37			470	-1"	Viterses Vister 91 339 -2 Viterses A 50 42 -5
Burmeh Castrol	-041	-7	Legal & General	603	-1_	Scottet & New 1,000 Scot. Hydro - Bact 1,700 Scotleft Power 3,300 Sears 3,300	472	-\$	Whiteresd X 549 422 -5
Bunos 2700	304	-18	Legal & General		+ 12 - 3	Scot. Hydro - Elect 1,700	195	-7	Williams Hidgs.
Carthery Schomboon 1200	200	14	Lioyda Abbey	4	+4	Bears James 7200	81 2	-6	Visible Compen
LINE GOOD	_	-3	LASMO100	34	-1	Seepoord 1,200	212	-	Wolselev
Cartion Costonia	666	+2	London Sect	獻	+1	See006rd 139		-á	Yorkshire Heat 1,800 386 +3 Yorkshire Wear 158 460 -8
Coals Viyelig	211	-1	Learte	30		Tree Water _ 1,000	4	-8	Yorkshire Weer 158 460 -8
Based on the trading ver-	iunse ! L	lor 4 w	election of Alpha secu	ities d	eelt In	rough the SEAQ system	Amere L	day u	riti 4.50pm. Trades of one million or
	_	_							

TRADING VOLUME IN MAJOR STOCKS

#### **EQUITY FUTURES AND OPTIONS TRADING**

The gloomy mood seen in recent sessions in the derivative markets continued yesterday, once again sending stock ex futures to drift lower in volatile trading, writes Joel

Optimists appeared to have the upper hand at the openning as the June contract on the FT-SE opened at 2,652, a small premium to the underlying cash market. That positive mood did not last for indepen-

sell the contract causing an early retreat in June. Sporadic buying was seen at the new lower levels which caused a turnaround in the contract sending it up to 2,660, the high of the day, but it was

gained the upper hand sending June into retreat once again. Early falls on Wall Street caused a further decline and June eventually closed at the day's low point of 2,638, down dent traders (locals) moved to 10 on the previous session and

not long before the bears

around 3 points below its estimated fair value premium to cash of about 6. Turnover at 5,745 lots was again poor. There was a slight improve-

ment in volumes in the traded options where total turnover reached 29,994 contracts. However turnover in the FT-SE option at 9,918 was down on Monday's 12,875 contracts. BAT was the most active stock option, It traded 2,250 contracts with the August 750 puts particularly busy.

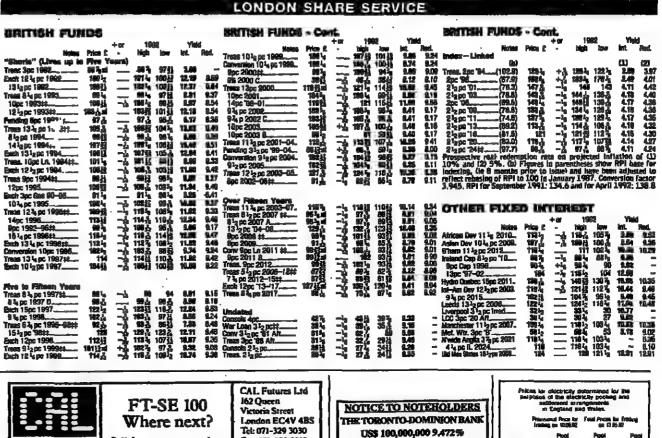
#### FT-ACTUARIES SHARE INDICES

\* The Pinencial Times Ltd 1992. Compiled by the Pinancial Times Ltd In continuotion with the institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS							Mos Jus 8	Fri Jun 5	The Jun 4	Year ago (apprex)
Fİq	<b>&amp; SUB-SECTIONS</b> Figures in parentheses show number of stocks per section		Dey's Change	Est. Earnings Yield % (Max.)	Gress () hv. Yield % (Act at (25%)	Est. P/E Ratio (Net)	nd adj. 1992 to date	Index No.	index No.	Index No.	Index. No.
1	CAPITAL GOODS (179)	873.38	-0,5	6.74	5.35	19.33	15.19	877.86	885.46	892.10	844.93
. 2	Building Materials (22)	1002.98	-0.4	5.42	5.93	25.64	19.03	1006.79	1016.27	1037.25	1075.96
3	Contracting, Construction (28) Electricals (8)	954.71	-1.5	3,70	6,33	57.95	24.60	969.54	979.56	986,44	1305.78
. 4	Electricals (8)	2642.94	-0.6	6.52	5.83	19.93	68.82	2658.89	2669.04	2687.51	2407.08
5	Electronics (29)	JJ975.42	-0.6	9.07	4.31	13,98	7.29	1988.17	1982.26		1752.95
- 6	Engineering-Aerospace (7)	378.90	+0.1	9.17	6.85	13.90	11.16	378.52	383.87	385.47	432.73
7	Engineering-General (44)	555.26	-0.4	7.59	4.30	16.38	8.24	557.61	564.12	565.98	451.48
. 8	Metals and Metal Forming (8)	357.30	-0.3	0.92	9.66	_	2.03	358.42	361.64	363.25	464.54
9	Motors (14)	374.55	-0.3	7.09	6.28	18.55	10.04	375.67	384,40	388,12	334.01
10	Motors (14) Other Industria) Materials (19)	1790.61	-0.5	6.92	4.63	17.42	33.79	1800.27	1815.63	1826.45	1563.88
21	CONSUMER GROUP (188)	1687.37	-0.2	. 7.23	3,42	16.96	20.48			1714.07	
22	Brewers and Distillers (24)	2170.91	-0.3	7.73	3.41	25.56	26.21	2178.39		2214.16	1849.73
25	Food Manufacturing (17)	1278.72	+0.2	8.36	4.11	14.81	21.18	1276.74	1279.00	1281.05	1177.61
26	Food Retailing (18) Health and Household (24) Hotels and Leisure (20)	2905.08	-0.2	8.40	3.14	15.46	34.95	2911.54		2932.58	2751.31
27	Health and Household (24)	4035.45	-0.2	6.83	2.63	16.68	35.91	4044.64	4082,44	4122.93	3506.94
29	Hotels and Leisure (20)	1376.03		5.75	4.93	22.53	23,50	1376.33	1389.31	1405.12	1311.04
30	Media (25)	11618.66	-0.2	6.09	3,44	20.41	18.30		1634.10	1646.47	1441.39
31	Packaging, Paper & Printing (17)	830.60	-0.6	6.24	3.98	19.46	11.84	835.37	842.56	848.69	698.43
34	Stores (33)	1066.98	+0.1	7.17	3.47	18.43	12,26	1065.63	1075.05	1079.84	920.98
35	Textiles (10)	727.53	-0.3	6.31	4.27	19.98	12.44	729.87	731.63		556.89
40	I ATURD CONTINC 2116\	11207 07	-0.9	9.44	5.01	13.24	17.76	1318.42	1329.75	1333.78	1244,60
42	Business Services (27)	2453.16	-0.6	6.72	4.38	28.75	15.14			1520.42	
42	Chemicals (22)	1536.64	******	6.95	4.75	17.65	31.75		1553.37	1557.73	
43	Conglomerates (11)	1354.31	-1.3	9.54	7.01	13.10				1414.61	
44	Transport (14)	2654.44	-0.6	7.65	4.41	15.87	40.88				2230.86
45	Electricity (16)	1318.26	-0.7	13.53	5.06	9.41	17.21	1327 89	1337,99	1334.36	1222.59
46	Telephone Networks(4)	11443.13	-L9	10.62	4.51	12.29		1471_50			
47	Water(10)	2860.11	-1.1	15.12	5.77	7.32	19.52	2890.98	2901.83		
48		2072.29	+0.1	5.69	4:76	23.22	22.54		2079.58	2105.67	1931.31
49	INDUSTRIAL GROUP (483)	1364.83	-0.4	7.84	4.28	15.92	18.51	1370,91	1381.19	1389.84	1256.16
51	Oil & Gas (17)	2170.05	-0.5	6.99	6.55	18.80	63.69	2181.59	2196.82	2171.55	2413.86
59	500 SHARE INDEX (500)	1439.85	-0.5	7.75	4.52	16.18	21.93	1446.39	1457.16	1463.57	
_		744 00	+0.2		5.92	20,20	19.04	765.00	776.45	782.36	797.22
61 62	Banks (9)	077.55	-0.4	4.97	5.62	31.87	24.58		1002.12		895.16
65	Insurance (Life) (6)	7/1,30	+3.5	7.77	5.75	37.01	44.26	1495.89		1513.11	
66	Insurance (Composite) (7)	E40 37	+1.7		6.33		13.46	540.44	544.29	551.68	659.92
67	Insurance (Brokers) (10)	062 02	-0.5	8.15	6.85	16.15	25.92	957.64	970.06	978.79	
68	Merchant Banks (7)		11111111	0.2	4.14	10.1	8.56	514.26	515.05	514.04	423.41
69	Property (32)	667 48	-16	8.78	6.91	15.41	16.55	678.61	680.14	686.21	947.91
70	Other Financial (15)	262.26	-0.6	6.94	6.64	19.55	4.34	263,74	266.36	267.31	280.57
	Investment Trusts (69)	1227 7E	-0.5		3.68		16.78	1223 50	1237.03	1244.73	1219.19
7		2000 5		=							
99	ALL-SHARE INDEX (655)	1278.56	-0.4	-	4.66	-	20.88	1283.32	1294.13	1300.37	1220.12
	-	index No.	Day's Change	Day's High (a)	Day's Low (b)	90 EF.	Jien 5	Jun 4	Juan 3	Jun 2	Year
		MV.	Annual C	111171111111111111111111111111111111111		0	7 '	7			290

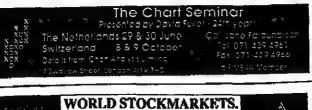
	FIXED INTEREST							AVERAGE GROSS REDEMPTION YIELDS	Tue Jun 9	Mon Jun 8	Year ago (approx.)
	PRICE INDICES	Tue Jun 9	Day's change %	Mon Jun 8	Accrued Interest	xd adj. 1992 to date	1 2 3	British Government Low 5 years Coupons 15 years	8.14 9.00 9.00	8.09 8.98 8.99	8.93 10.09 10.09
2 3 4	British Government Up to 5 years (25) 5-15 years (24) Over 15 years (10) Irredeemables (6) All stocks (65)	123,13 138,19 148,21 165,02	-0.06 -0.18 -0.31	123,16 138,27 149,71 165,53 136,08	2.34 1.08 1.35	6.12	456789	Medium   5 years   Coupons   15 years   C8%-104, %   20 years   Migh   5 years   Coupons   15 years   C11%-	9.25 9.09 9.06 9.46 9.29 9.23 9.22	9.24 9.07 9.03 9.44 9.28 9.21	10.42 10.32 10.25 10.59 10.48 10.36 10.28
6 7 8	Index-Linked Up to 5 years (2) Over 5 years (7) All stocks (11) Behr & Luans (63)	173.05 153.32 154.85	+0.13 -0.10 -0.06	172.82 153.47 154.95	0.73 1.27 1.19	1.64 1.65	13 14 15		3.97 4.33 3.29 4.16 10.49 10.32 10.21	4.01 4.32 3.32 4.15 10.30 10.60 10.68	4.29 4.27 3.44 4.10 11.90 11.70 11.52

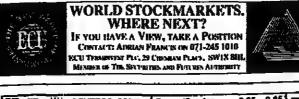
#Opening Index 2649.8; 9 am 2644.4; 10 am 2653.0; 11 am 2647.7; Noon 2645.6; 1 pm 2646.8; 2 pm 2646.6; 2 30 pm 2646.2; 3 pm 2646.2; 3 pm 2646.7;
4 10 pm 2635.7; (2) 9.56am (b) 4.17pm + Flax yield. Highs and lows record, base dates, values and constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9ff. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, 2nd Floor, 126 Jermyn Street, London SW1Y 4U.J. Tel: 071-925 2323.NAME CHANGE: Laporte 1992 (42) is now





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NOTES DUE JULY 13TH 1999

above issue on July 13th 1992.

**Appointments** Advertising

appears every Wednesday & Thursday

Friday (in the international edition only)

24 LONDON SHARE SERVICE	
AMERICANS  BUILDING MATERIALS - Cont. CONTRACTING & CONSTRUCTION - Cont. ENGINEERING - GENERAL - Cont. HOTELS & LEISONE 673 P/E Notes Price - 1992 Mint YII  AMERICANS  BUILDING MATERIALS - Cont. CONTRACTING & CONSTRUCTION - Cont. ENGINEERING - GENERAL - Cont. HOTELS & LEISONE 673 P/E Notes Price - 1992 Mint YII  AMERICANS  BUILDING MATERIALS - Cont. CONTRACTING & CONSTRUCTION - Cont. ENGINEERING - GENERAL - Cont. HOTELS & LEISONE 673 P/E Notes Price - 1992 Mint YII  AMERICANS  BUILDING MATERIALS - Cont. HOTELS & LEISONE 673 P/E Notes Price - 1992 Mint YII  AMERICANS  BUILDING MATERIALS - Cont. CONTRACTING & CONSTRUCTION - Cont. ENGINEERING - GENERAL - Cont. HOTELS & LEISONE 673 P/E Notes Price - 1992 Mint YII  AMERICANS  BUILDING MATERIALS - Cont. HOTELS & LEISONE 673 P/E Notes Price - 1992 Mint YII  AMERICANS  BUILDING MATERIALS - Cont. HOTELS & LEISONE 673 P/E Notes Price - 1992 Mint YII  AMERICANS  BUILDING MATERIALS - Cont. HOTELS & LEISONE 673 P/E Notes Price - 1992 Mint YII  AMERICANS  BUILDING MATERIALS - Cont. HOTELS & LEISONE 673 P/E Notes Price - 1992 Mint YII  AMERICANS  BUILDING MATERIALS - Cont. HOTELS & LEISONE 673 P/E Notes Price - 1992 Mint YIII  AMERICANS  BUILDING MATERIALS - Cont. HOTELS & LEISONE 673 P/E Notes Price - 1992 Mint YIII  AMERICANS  BUILDING MATERIALS - Cont. HOTELS & LEISONE 673 P/E Notes Price - 1992 Mint YIII  AMERICANS  BUILDING MATERIALS - Cont. HOTELS & LEISONE 673 P/E Notes Price - 1992 Mint YIII  AMERICANS  BUILDING MATERIALS - Cont. HOTELS & LEISONE 673 P/E Notes Price - 1992 Mint YIII  BUILDING MATERIALS - Cont. HOTELS & LEISONE FRICE - 1992 Mint YIII  BUILDING MATERIALS - Cont. HOTELS & LEISONE FRICE - 1992 MINT YIII  BUILDING MATERIALS - CONT. HOTELS & LEISONE FRICE - 1992 MINT YIII  BUILDING MATERIALS - CONT. HOTELS & LEISONE FRICE - 1992 MINT YIII  BUILDING MATERIALS - CONT. HOTELS & LEISONE FRICE - 1992 MINT YIII  BUILDING MATERIALS - CONT. HOTELS & LEISONE FRICE - 1992 MINT YIII  BUILDING MATERIALS - CONT. HOTELS & LEISONE FRICE - 1992 MINT YIII  BUILDING MATERIAL	TRUSTS - Cont.  1602 Yea Bis or Pari-)  Pace 160 Now 675 NAV Pari-)  38 4 58 32 8.5 57.3 32.0  184 135 104 18.5 - 287 287 185 - 1017 58
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HIVESTMENT TRUSTS - Cont. MERCHANT BANKS	Oil & GAS - Cont.  PACKAGING, PAPE	2 & PRINTING - Cont. STORES - Cont.	MINES - Cont.
Cap   167   551   12.8   160	CigCon Gr's PRE   Bales Pricy   Bales Pricy   Bales Pricy   Bales Pricy   Bales Price   Bales Pric	Mark   Dav CapCon   Gris   Pric   Marks   Prics   Marks   David   Da	Miles   Marker   Ma
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#### MONEY AND CAPITAL MARKETS CURRENCIES.

#### **FOREIGN EXCHANGES**

#### EMS comments raise D-Mark

THE D-MARK appreciated sharply against European cur-rencies yesterday morning after the President of the German Bundesbank said that a realignment of the European Monetary System was not impossible, writes James Blitz.

Although the D-Mark rally petered out later in the day, the German currency still closed in London maintaining the gains it has made against sterling and the Italian lira in recent days. The French franc and the Spanish peseta ended the day slightly stronger over-all, but only after senior financial officials had made comments in their support. The London market remained convinced that the troubles over European Monetary Union (Emu) triggered by Denmark's rejection of the Maastricht treaty last week have not played themselves out.

Comments from Mr Helmut Schlesinger, the Bundesbank President, casting doubt on the 1999 deadline for Emu as too

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STERLING INDEX

**CURRENCY MOVEMENTS** 

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optimistic, forced the D-Mark sharply upwards against ster-ling in the first hours of London trading. The pound hit a low of DM2.9077, but was propped up by better than expected May producer prices figures showing a rise of 0.1 per cent. Sterling ended the day unchanged on its previous close at DM2.9150

The Italian lira looked more anaemic, finishing at Lira757.40 to the D-Mark, compared to a previous close of Lira756.80. The currency also ended at the bottom of the EMS grid, just below sterling.

The French franc recovered against the D-Mark after the French Finance Minister made a strong appeal for a franc fort. The D-Mark closed at FFr3.367, slightly down on a previous close of FFr 3.370. The Spanish peseta also held its ground, helped by a statement from the EC Finance Ministers supporting Spain's current effort to meet the Maastricht concvergence criteria. It closed the day

class of Pts63.12.

The dollar finished the day barely changed on its previous close against the D-Mark, after the markets had tested the US currency's downside at \$1.5890. It finished in Europe at DM1.5900 compared to a previous close of DM1.5895.

The dollar's fortunes will now be determined by US inflation and retail sales figures for May due out on Thursday. If the retail sales figure emerges lower than the expected 0.5 per cent rise, the market may test the dollar's downside again, expecting that the Federal Reserve might reduce interest

But some are bullish about the US currency's longer term prospects. "Once the post Maastricht blues are out of the way, the D-Mark will weaken," said one analyst. "Anticipation that the Bundesbank will ease rates will also undermine the

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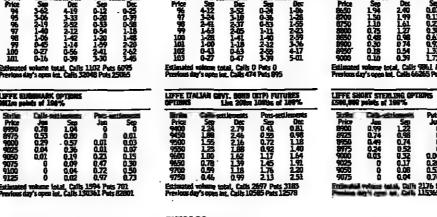
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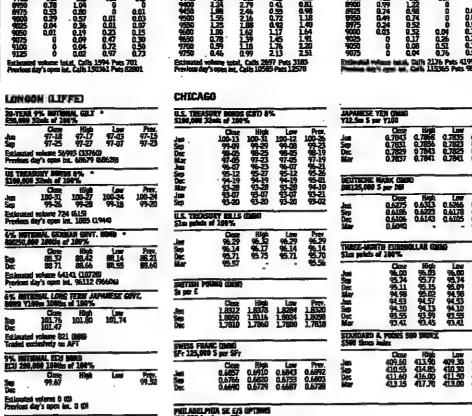
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### FINANCIAL FUTURES AND OPTIONS LIFTE LANG GILT FUTUI





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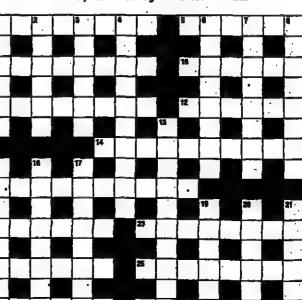
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ACROSS

in paper size (8)

10 Showman, the greatest, not counting the miners (6)

11 Listen: he goes in last (2.3.3)

12 With art, the classical's always with it (6)

14 Article in part of France where it came from (10)

18 Tale written by another (?) gives good numbers to Com-

gives good numbers to Conservative (5.5)

22 Very hot mass of metal with fastening inside (6)

23 Famins will cause prolonged damage to town (8)

24 Heavenly lights of gold in atmosphere (6)

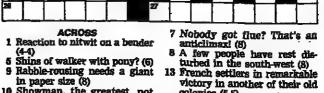
atmosphere (6)
25 In his salad days, member for great seaside town (8)
26 You French speakers make bloomers (6) Standard weight on Teesside

1 Take child by hand? (6)
2 In my 10 I found hostility (6)
3 Flea that dances on mast or

bridge (6)

Bring new life to ruler (English) - about time! (10)

Front rank of column? (8)



Section 2

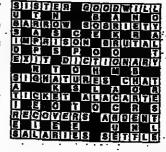
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(6) 20 Little change to little dance (6)
21 High and low ground, one might hear, between barrels?
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Solution to Puzzle No.7,868



#### MONEY MARKETS

in the line Official race \$139.10 \$55.50

OTHER CURRENCIES

### Futures up after dip

SHORT dated sterling money market futures dipped sharply lower yesterday morning as traders reacted nervously to the pound's losses on the foreign exchange markets.

The September short sterling contract dipped down to 90.12, its lowest level since the 1/2 percentage point base rate cut in May, as sterling reached a low point of DM2.9077 in the morning. The contract later recovered in tandem with the currency to close at 90.23. This closing price implies that the three month sterling interbank rate in September will be 9.77 per cent.

Similar gyrations were seen in the June short sterling

UK clearing bank base tending rate 10 per cent from May 5, 1992

contract, which hit a low point of 89.93 in the morning and closed at 90.00. This implies that the 3-month rate will be at 10 per cent by the end of next

Traders were at odds over how to explain the movement in futures. One said that that the short contracts were tracking the movements of sterling throughout the day. But others said that the bullish view about rates in the afternoon followed a

newspaper report that the Treasury had cut its growth forecast for 1992. Although the Treasury said it had not revised its forecast, any such fall in its growth estimates might suggest the need for a new base rate cut.

There was far less activity in the sterling cash market, after the Bank of England forecast a small shortage in the morning of £250m. As sometimes happens with the smaller shortages, this one proved difficult to remove. The Bank did not operate in the market during the day and provided late assistance at 2.45 pm of

around £140m. The difficulties removing the shortage meant that short term rates in the cash market firmed slightly in the morning. But they ended the day unchanged on Monday's close. 1-month money ended at 9%-9% per cent, while everything from 2 months to 9 months closed at 10-9% per cent. Traders reported that there was a slightly more bearish tone to the market, with more sellers than buyers. The overnight rate was reported to have hit a low of 8% per cent in the morning, and closed at

9% per cent. German call money was steady at 9.60-65 per cent yesterday, unchanged at the levels seen on Friday, before Monday's one-day holiday.

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### ... No ifs, ... ands, ... or buts the years — by futures traders in the U.S. and, now, since we've opened our London Trading Centre, by traders throughout Europe. We're not surprised because many of the investors who call us are paying £60 [or more] per trade with their full-commission futures broker. They can't believe they can get our complete range of quality brokerage services for only £22 a round turn. First, we have no commissioned sales staff. No broker will call you with trading recommendations. Because if you make your own trading decisions, using a full-commission broker costs you far more than you need to spend. At Lind-Waldock, you don't pay for advice you don't need! Second, we're specialized. Lind-Waldock is the world's largest futures-only brokerage firm. We don't have the added costs associated with offering a wide range of investment produces. So we can save you money—and provide service that's first class by any standard, discount or full price. Third, with 13,000 customers worldwide, we can take advantage of built-in efficiencies that large volume provides—and pass the savings

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### Economic uncertainty leaves equities lower

**Wall Street** 

UNCERTAINTY among investors about the economic out-look and concern regarding overvalued equity markets sent share prices into a brief tailspin yesterday, writes Patrick Harverson in New York.

At the close the Dow Jones Industrial Average was down 34.21 at 3,369.92. The more broadly based Standard & Poor's 500 also ended lower, down 3.30 at 410.06, as did the Amex composite, down 3.37 at 393.06, and the Nasdaq composite, down 8.21 at 573.80.

Turnover on the NYSE was 192m shares, and declines outpaced rises by a ratio of more

The market has moved little in the past three weeks, reflecting confusion among investors about the short-term direction of share prices. Although most recent economic data suggests that the recovery is advancing, albeit very slowly, the pace of eco-nomic activity has been insufficient to generate much fresh demand for equities.

Barring another interest rate cut, therefore, the market lacks strong fundamental support, and it has become increasingly exposed to sudden sell-offs spread across a range of cyclical and growth stocks.

Leading the way lower were classic cyclicals like Interna tional Paper, down \$2% at

t is not unusual these days

for authorities at the Istan-

bul stock market to mount

a surprise audit of one of the

exchange's 110 brokers. It hap-

pened recently and Mr Imre

Yigit of Global Securities, one

of the brokerages affected,

believes that the government is

intent on setting an example as

part of its new good house-

A new image is certainly needed. In the first four

months of 1992, no emerging

market slumped as much as

Turkey's, according to the

tion, the World Bank's private-

sector lending arm. The index

vesterday was down on the

day, but 40 per cent below its all time high of 5,749 on

August 2 1990, the day iraq

invaded Kuwait. Trading vol-

ume at around TL200bn is less

than a third of the recent high

point in January. Foreigners

have all but departed the

exchange floor, while local short-term investors are

attracted to put their savings

However, the government is

now making a concerted effort

to revive the market's for-tunes. Amendments have been

passed to the Capital Markets

law, which seek to provide

greater investor protection

against insider trading and

other offences. There are tax

changes in place to reduce the

attraction of holding treasury

bills, and so stimulate equity

The reforms, which review

the tax breaks enjoyed by hold-

ers of government paper, have already been approved by par-

liament and await the presi-

NATIONAL AND REGIONAL MARKETS

Australia (69)

into gold or bank deposits.

eping image.

pany of America, down \$1% at

The former was not helped by a downgrade from analysts at the broking house, Salomon Brothers, who cut their earnings estimates for several paper and forest products comnies to reflect pressures in the linerboard market.

Other stocks to suffer from the Salomon move were Georgia-Pacific, down \$% at \$60%, Temple Inland, \$1% lower at \$47%, and Stone Container, \$1

At the same time, Salomon also downgraded its ratings of several newspaper groups. Knight-Ridder fell \$2 to \$56%, Washington Post gave up \$3> at \$235% and Gannett slipped \$2% to \$44%. In the same sector, Tribune Co dropped \$1% to \$40% after Smith Barney Harris Upham reduced its 1992 estimate for the company from \$2.05 a share to \$2.25.

Among other stocks to post losses were IBM, down \$% at \$90%, Walt Disney, \$1/2 lower at \$36%, Goodyear, down \$1% at \$68% and Philip Morris, \$2 weaker at \$74%.

Aetna Life bucked the trend, climbing \$% to \$41% in active trading after the company entered into a pact to sell its American Re unit to a company formed by the reinsursubsidiary's management and Kohlberg Kravis Roberts, the buy-out specialists.

Super Valu firmed \$1/4 to

New image set to revive

dejected Turkish stocks

John Murray Brown reports on market reforms

dent's signature. A tender is

also about to be issued to

install a computer system in

the markets's new Istinye

1991 03 1992 3

premises, a convention hall

once owned by the tourism

Mr Yight, head of research at Global, believes that the coun-

try is pulling out of recession

and he expects share prices to

follow. "The market's cheap, which ever way you look at it,"

inflation figures for May,

published last Friday, have

given added encouragement to that view and analysts now

believe that the annual rate

will settle at less than 60 per

cent, down on the 70 per cent

rate recorded last year. Industrial production in the

first quarter was up 10.2 per

cent and Global is projecting

real profits growth for the mar-

cent this year.

ket of between 10 and 15 per

However, most brokers are agreed that if the stock exchange is to take advantage

of any pick-up in the economy,

TUESDAY JUNE 9 1992

\*\* Index Ind

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In local territal

\$64%, and Aluminum Com- \$25% and Wetterau soared \$6% to \$30% on the news that the two companies, which are among the biggest food distrib-utors in the US, will merge in a

deal said to be worth \$1.1bn. Gencorp rose \$% to \$14% after reporting second quarter net income of 43 cents a share, up from 39 cents a share a year

On the Nasdaq market, MCI Communications eased \$1/2 at \$32% as investors continued to digest the implications of the death of Mr William McGowan, the longtime chairman of the telecoms group.

Canada

TORONTO prices closed lower in moderate activity which was boosted by three large block

Based on preliminary data the TSE 300 index fell 8.39 points, or 0.25 per cent, to ,386.09. Declining issues led advances 321 to 256. Volume was 35.9m shares, up sharply from the previous 20.8m, and trading value was C\$397.3m against C\$254.2m.

Tuesday's volume included three blocks - two in Mac-kenzie Financial totalling about 7m shares, and one in Investors Group at 3.3m. shares. Among the sub-indices, ten of the 14 were lower. Financial services, mining, energy and consumer products were all down somewhat and industrial products group ended flat.

it will have to push ahead with

Poor accounting is only one

of the problems, ranging from

insider trading and certificate

forgery, to technical questions

relating to settlement and

clearance. Under the new law,

it was suggested that shares

held by company directors

should carry special serial numbers in an effort to deter

insider trading. Later, this proved impracticable to imple-

Settlement, too, is a problem,

particularly for foreign inves-

lira's depreciation, the current

system requires that brokers

clear their trading account

elther by cash or physical stock delivery within one day.

Brokerage houses frequently

have to use their own

resources to meet the settle-

ment deadline on the behalf of

orged share certificates,

the use of shares impounded under court orders:

these also remain major prob-

lems, despite the vigilance of

publishing the serial numbers

settlement procedures - the first step of which is to encour-

age brokers to pool more of

their share certificates in a

central depository. This would

speed up clearance and reduce

the incidence of forgery.
If all goes well, the aim, once

the market moves to its new

premises and adopts fully com-

puterised trading, is to have a

MONDAY JUNE 8 1992

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paperless exchange.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood

Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

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in the official daily list. A US consultancy has now been contracted to devise new

their foreign clients.

its proposed reforms.

### Interest rate worries hit more bourses

1177.48

BOURSES which returned from the Whit Monday holiday were mainly lower vesterday writes Our Markets Staff. In southern Europe, open on Monday, Madrid reacted to the higher interest rates which had

depressed Milan a day earlier. PARIS was upset by a weak bond market as well as lingering concerns over Maastricht. The financial sector featured Société Générale, down FFr12.00 to FFr524.00 and Suez, FFr2.50 lower at FFr318.40. The CAC-40 closed down 19.35 at

However, there was plenty of corporate news to keep traders interested. An analysts' meeting with Schneider had a profound effect on its stock and that of its subsidiaries. The group gave negative comments on prospects and its shares tumbled FFr54.00 or some 7 per cent to FFr708.00. This followed through into Merlin, down FFr49.00 to FFr546.00 and Spie, off FFr26.00 at FFr329.00. Meanwhile, SPEP shed

Pechiney's investment certificates were suspended at FFr360.00 pending an announcement, after the close,

assets for some FFr2hn. Pechiney International was FFr2.30

Elsewhere dealing in Casino was suspended prior to the announcement that the private group, Rallye, is selling its food business to Casino, thereby creating the country's second largest food retailer. Disappointing figures from Club Méditerranée and rumours of a rights issue sent the Club's shares down Fr20.00, or 3.8 per

price changes in secondary stocks, the DAX index falling by only 2.81 to 1,786.26 after a 0.67 decline to 713.60 in the FAZ at midsession. Volume fell from DM5.6bn to only DM3.8m. Among the second liners Continental, the tyremaker, traded in DM33m as the shares rose DM4 to DM276 with some dealers blaming Pirelli SpA, the Italian company which began its pursuit of Conti nearly two years ago. Pirelli. however, is not believed to have the resources to put its merger plans into practice.

Definite merger terms were

behind the rise in Hoesch, the

weaker at FFr201\_10.

cent to FFr495.00. FRANKFURT saw its main of cash, are of limited value

steel company, which leapt another DM8.20 yesterday to a new 1992 high of DM290. But the terms, involving Krupp AG shares and a minimal amount

since the Krupp AG shares are

Day's High 1177,11

1181.18

FT-SE Eurotrack 100 - Jun 9

Day's Low 1173.85

Fokker advanced 20 cents to

FI 34.20 following news that

agreement had been reached

with DASA whereby the Dutch

manufacturer will be the lead

company in production of short-haul regional aircraft.

at F138.60 in spite of announc-

ing that it had placed 1.5m new

shares while Heineken lost 50

cents to Fl 167.00 on news that

rationalisation costs at its

Spanish brewer El Aguila

could reach Fl 100m. Groisch

was also lower. Fl 2.50 at

F1213.50, following an analysts

support-buying and short-cov-

ering focused on Olivetti and Fiat, and a 1.04 fall to 480.04 in

the Comit index at the close

was replaced by a marginal

gain in continuous trading.

MILAN saw a late wave of

Philips was 50 cents stronger

not yet quote Mr Michael Geiger of County NatWest said yesterday that speculators may be trading on an independent auditors' report which has said that Hoesch alone would be worth DM5.3bn, or DM745 a share. However, this is based on arbitrary criteria, says Mr Geiger, who adds the the steel industry environment is still difficult and that the speculators could be on the wrong track.

AMSTERDAM's CBS Tendency Index finished 0.2 lower at 130.4 in turnover of some F2 439m.

Olivetti rose L38 to L3,018 and Fist, after a L66 fall for L5,164 on the official day, recovered to L5,200 on the kerb. A selective, and limited Open 19 am 11 am 12 pm 1 pm 2 pm 3 pm close 1176.16 1176.40 1176.19 1175.51 1175.32 1175.00 1174.96 1174.96

recovery in bank shares saw Credito Italiano up L20 at L1,670 and Mediobanca L120 migner at L13,220.

MADRID's general index closed down 2.93 at 250.7 in high turnover of some Ptal3bn.
Stocks with US exposure was

dollar while some general profit-taking was noted. Telefonica slipped Pta25 to Pta1,095. STOCKHOLM extended its losing streak to five consecutive sessions, the Affarsvärlden General index closing 11.0

lower at 963.5. SE Banken C shares led the decline at SKr31, down from SKr35 last Friday, when it revealed a SKr600m first quarter operating loss, and down 24 per cent from SKr41 ten days ago. Ahead of its interim next Tuesday, Svenska Handelsban-ken B fell SKr4 to SKr55.

index fell 1.89 to 329.58 in very thin trade, writes Hilary Barnes, with turnover at only

FF133.00 to FT330.00.

### Pension fund and investment trusts lift Tokyo

#### Tokyo

SMALL-lot buying by pension funds and investment trusts pushed up share prices yesterday, but continuing inactivity among institutional investors left volume subdued, writes Emiko Terazono in Tokyo.

The Nikkei average closed up 189.98 at 17,845.04, having fallen in the morning to the day's low of 17,550.28 on arbitrage unwinding. It reached a high of 17,861.50 in the afternoon on small-lot bargain hunting and dealer buying of theme stocks

Volume was unchanged at 170m shares. Advances led declines by 646 to 258 with 174 unchanged, the Topix index of all first section stocks advanced 9.20 to 1.346.99 and. in London, the ISE/Nikkei 50 index added 0.84 to 1,063.24.

Investors waited for this week's June futures and options expiration, although most traders reckon that their concerns over arbitrage unwinding have subsided, due to the decline in cash stock positions held against the June

However, some caution remains because rule changes concerning option exercise and settlements will be implemented from the June con-

"Since option exercise has been limited to once a month on expiration day instead of once a week, share prices will be affected by Friday's exercise related trading," said Mr Masa Sato, derivatives trader at Dalichi Securities. Large buying positions of "put" options - or the right to sell - at the 18,500 level could depress the index.

Dealers used theme stocks to boost volume. Meiji Milk Products, the most active issue of the day, rose Y67 to Y992, cap-

#### SOUTH AFRICA

JOHANNESBURG was mixed in low volume. Blue chip industrials helped lift the index by 11 to 4,680, while the overall index was 2 lower at 3,741. The gold index shed 8 to 1,074. Vasi Reefs lost 50 cents

126.58 133.26 153.58 140.94 144.21 144.19 186.70 162.48 118.92 116.05 146.19 135.67 162.48 118.92 116.05 146.19 135.67 106.03 110.89 142.12 125.60 198.19 200.28 273.94 225.81 64.46 70.82 89.80 73.64 136.71 138.02 168.75 148.06 102.90 102.90 124.92 114.67 207.78 249.70 254.67 176.36 130.93 133.08 173.71 151.78 158.22 63.29 80.86 68.39 85.42 83.04 140.95 88.70 194.58 228.58 250.18 212.49 1377.67 5574.20 1789.77 1376.91 135.19 133.69 163.98 147.88 39.17 46.52 48.52 42.01 155.27 158.30 192.95 161.26 185.41 168.22 228.43 192.76 204.53 188.66 263.60 203.16 126.58 118.56 161.72 146.86 163.98 167.93 200.28 173.09 89.31 97.25 106.17 95.99 89.31 97.25 106.17 95.99 161.17 157.68 200.07 165.85 139.19 168.43 171.68 180.92 127.82 127.93 155.88 139.31

127.92 127.97 148.25 90.84 105.84 105.84 105.10 137.13 164.51 108.05 109.87 144.24 154.61 107.78 107.78 107.54 113.45 123.79 135.61 151.26

DOLLAR INDEX

140,94 162,48 135,67 125,60 226,81 73,64 148,06 114,67 176,36 151,78 68,39 88,70 212,49 1376,91

121.81 149.00 116.45

turing 12 per cent of market ume of 10m shares. The index volume. Other bio-technology related issues were also firm, with Morinaga Milk Industry rising Y29 to Y866 and Okamoto industries advancing Y30 to Y1,340.

Fuji Photo Film gained atten tion on reports that it had developed an anti-cancer substance with Harvard University. However, initial interest waned, and Fuji closed unchanged at Y2,830.

High-technology issues were higher on bargain hunting. Hitachi rose Y4 to Y799 and Toshiba added Y4 to Y635. However, Nikon, the precision products group, fell Y19 to Y605, extending its losses for the fifth consecutive day. Investors were discouraged by the company's forecast of a 44 per cent fall in pre-tax profits for the year to March 1983.

In Osaka, the OSE average rose 345.29 to 20,497.55 in vol-

was supported by small-lot, dealer buying of environmental and bio-technology related

#### Roundup

shares.

THE SEARCH for "hot" markets in the region came to a halt yesterday, most of them falling, and Hong Kong playing a painful arbitrage game in the banking sector. Jakarta was closed for the Indonesian general election

BANGKOK threatened its May 19 low of 667.84 for 1992, the SET index dropping 18.79 or 2.7 per cent to 684.47 in turnover of Bt4.7bn. Selling was inspired by nervousness about today's third and final reading of a constitutional amendment. and demonstrations planned by pro-military and opposition

Two property groups, Krisda

Mahanakorn and Bangkok Land, fell by Bt12 and Bt7, to Bt186 and Bt126 respectively, coming second and third on the most-active list.

HONG KONG was pulled down by the continued fall in HSBC Holdings, parent of the Hongkong Bank, in the wake of its successful hid for Midland Bank of the UK.

HSBC fell HK2 to HK44.75 for a two-day drop of HK\$3.50, and banks in general posted the biggest losses as the Hang Seng index fell 38.56 to 5,940.19 following Monday's 57-point decline. Turnover rose from HK\$3.83bn to HK\$4.07bn.

In an international context, brokers said that traders had reversed the arbitrage process followed when the Hong Kong market was going up, and were now selling HSBC to buy Mid-

SEOUL hit its lowest point since President Roh Tae-woo

1988, although intervention by the market stabilisation fund left the composite index just 1.89 down at 561.76 after an intraday low of 551.38.

said that private and institutional investors were demoral

dropped 38.39 to 4,526.65 on fears that the central bank would tighten money market liquidity to fight inflation.

MANILA dipped slightly on

profit-taking, the composite index closing 12.03 lower at 1,568.25, but having seen a break about the 1,600 barrier in the morning, dealers thought that there was still upside in the market

the day's highs on profit-taking and the BSE index gained 63.57 to 3,164.23 for a rise of 2 per cent since Monday.

#### GT EUROPE FUND

Société d'Investissement à Capital Variable Registered Office: 2, boulevard Royal, L-2953 Luxembourg R.C. Luxembourg No B-21108

Notice is hereby given to the shareholders, that the

#### ANNUAL GENERAL MEETING

of shareholders of GT EUROPE FUND will be held at the offices of Banque Internationale à Luxembourg, Société Aponyme, 69, route d'Esch, L-1470 Luxembourg, on Friday, 19th June, 1992 at 11.00 a.m. with the following agenda:

- To hear and accept the Reports of:
- a. The Directors b. The Anditor.
- 2. To approve the Report of the Directors for the year ended 31st December, 1991 including the Statement of Net Assets as at 31st December, 1991 and Statement of Operations for the year ended
- 31st December, 1991. 3. To discharge the Board of Directors and Auditor with respect of their performance of duties from 1st January, 1991 to 31st
- December, 1991. . To elect as Directors to serve until the next Annual General Meeting of Shareholders: D.H. FitzWilliam-Lay, J.L. Chenut, A. Elvinger, F.C. Fleischer, P.J.S. Gray, D.N. Ledeboer, W. Mandt-
- Merck, H. Nipp.

  5. To elect as Auditor to serve until the next Annual General Meeting
- of Shareholders: Coopers & Lybrand S.C. 6. To declare a dividend in respect of the year ended 31st December,
- 7. To approve the payment of Directors' fees of \$ 7,000 each.
- 8. Any other business.

The shareholders are advised that no quorum is required for the items on the agenda of the Annual General Meeting and that decisions will be taken on a simple majority of the shares present or represented

In order to take part at the meeting of 19th June, 1992, the owners of bearer shares will have to deposit their shares five clear days before the meeting with registered office of the company or with Banque Internationale à Luxembourg, 69, route d'Esch. L-1470 Luxembourg.

THE BOARD OF DIRECTORS

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Dr Chris S Gibson-Smith

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Mr David R Black County NatWest WoodMac

Mr Sam Laidlaw Amerada Hess Limited Mr Harry M Whiteside

Offshore Supplies Office Mr Greg Matiuk

Chevron UK Limited

Mr Jim Wildasin McDermott International, Inc.

Mr Ron Probert

Mr Knut Aam Phillips Petroleum Company Norway

Mr Chris Greentree

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Stocks with US exposure were affected by the weakness of the dollar while some general

COPENHAGEN's all-share

came to power in February Most professionals, however,

TAIWAN's weighted index

BOMBAY closed up but off

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